

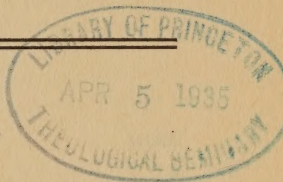
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Economics and the Good Life



By ✓

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With the collaboration of a group of consultants

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PREFACE

THIS book is the result of conferences between members of the author group which prepared the little volume, *Our Economic Life in the Light of Christian Ideals*. The group participating in the discussions included Grace Coyle, S. M. Keeny, B. Y. Landis, Rhoda McCulloch, James Myers, J. E. Sproul, Arthur E. Suffer, and the undersigned. Events have occurred so rapidly and the scene has shifted so much since that book was published that a new edition of it was out of the question. It was agreed that a virtually new book should be prepared and that one person should undertake the actual writing. He bears final responsibility for the text, but wishes to acknowledge a heavy obligation to the other members of the group. The plan of the book and the formulation of positions taken in the text are the product of collaboration.

The point of view should be stated frankly at the outset. The members of the consulting group have been engaged for some years in educational work, dealing chiefly with social problems, which they have approached from a religious angle. They have lived through the period dominated by educational ideals of freedom, non-indoctrination, and democratic discussion. They still believe in education as indispensable in the solution of political, social and economic problems; but they believe they have learned something by experience. In a word, they are convinced that social advance requires a body of convictions, resting on demonstrated values, accompanied by an adequate

equipment for critical thinking and evaluation on the part of individuals and groups. Each person must have an opportunity to reach conclusions supported by his own intelligence, but in this complicated business of social living nobody starts from "scratch." He must be furnished with a set of values (the contribution of past experience), which he may proceed to test and to make his own—or to reject. It is, we believe, the responsibility of educators representing any system of religion or ethics to set forth the ideals and claims of that system and to make its affirmations about life and human values in positive terms. In the clash of systems of thought and programs of action which are presented on all hands society has to work out its salvation. We want no repressive dogmatism, no intimidation, no blind intolerance in a democratic order; but we do want testimony—we want convictions with the heat of vigorous life in them. Therefore, while this is not a theological book, it seeks to present judgments flowing directly from acceptance of a Christian ethic.

Furthermore, the members of the consulting group agree to take a definite stand with reference to the momentous issue of social reconstruction now confronting the nation. They are neither conservatives nor revolutionaries in the ordinary sense. That is to say, they reject all pleas for a return to the *laissez-faire* system of the past; but they do not subscribe to the theory that the specifications of an ultimately desirable social order must be agreed upon before we can go anywhere "from here." In other words, they accept an experimentalist view of society and its problems, holding that certain values must be sought and conserved,

but that the ways by which this can be most effectually accomplished must be determined by experimentation. This places them on the social "opinion scale" between the reactionaries and the convinced revolutionaries. Their position differs, however, from "liberalism" and "moderatism," as those terms are commonly used, in that they are prepared to accept the collectivist trend in the present economic situation and to follow it as far as experience may prove necessary to realize those human values which they regard as paramount.

In keeping with the logic of this position, the first chapter is devoted to an attempt to picture—roughly, to be sure—the "good life," an ideal which is authoritative for Christians and which for them must dictate the measures of reconstruction. The contemporary scene will be briefly sketched, conflicting philosophies will be considered, the emerging identity of interest between social ethics and social science will be pointed out, the status of the principal factors in the economic situation—labor, the farmer, the consumer—will be appraised, and an attempt will be made to sketch in broad outline what a Christian social order might be. The book is designed both for group use and for individual reading.

F. ERNEST JOHNSON.

New York,

November 1, 1934.

INTRODUCTION

THIS book is just about everything a book of the kind should be. To begin with, it is in the true sense realistic. From the first page to the last the reader is aware that he is moving in the realm of facts. I do not mean by this that the pages are loaded with statistics, or that they abound in the concrete of the anecdotal type. I mean that the impression given is that the author and his collaborators are dealing with matter-of-fact material, and that they are speaking out of actual and factual experience. Those rogues in Hans Christian Andersen's story who pretended to be weaving a robe for the king when they were dealing with nothing but thin air must have been severely tried to make their hands look as if they were manipulating weights when they had hold of nothing at all. The most ordinary reader can usually tell when a writer has hold of something, even when he may not understand just what that something is. Even an inexpert perusal of this book will reveal that its thought is weighty, not as ponderous or thick, but as working with facts.

Again, the book has superlative worth as an attempt to get at a perspective in a view of a whole field. It may seem to deal with the unpardonably obvious to say so, but there is precious little indication at the present moment that there are many social thinkers and leaders with more than single-track minds. I happen to be president of a great missionary board with stations almost all over the world. Observers of missionary work often comment on how fine it must be to meet

missionaries who are always thinking in terms of the needs of the whole world. I trust that I shall not appear cynical when I say that I have not met any, or many, such missionaries. Religious workers in foreign fields are unselfish, industrious, devoted—but they are not world-minded. They are pro-Japanese, pro-Chinese, pro-Indian. They will present the claims, each of their own fields, as if there were no such thing as a whole field. Or consider the problem of the New Deal. It is often charged that the opponents of the New Deal are doing all they can to defeat it. No doubt many enemies of the New Deal are deliberately trying to bring it to nothing. The deadly enemy of the plan, however, is not deliberate and purposeful direct opposition. It is rather the fact that each of the parties to any deal in the United States sees the problem solely from its own point of view and only after long education can learn to see more than a single factor. Our natural interests are with the things and forces that immediately concern us. Moreover, there is not anything considerable in the educational system of our nation that tends toward developing the power of unified comprehension. The emphasis in education is on specialization—and outside the technical deliverances of experts specialization will not help us much in present-day social problems.

This lack of unifying ability is one of the difficulties with which all schemes of social reorganization have to reckon. Suppose the people of the United States could be convinced overnight that they should adopt some form of socialism forthwith. What would be the difficulty which would soonest threaten the new order with

failure? Very likely the problem of the allocation of funds—or of resources, such as power control, among the various industrial factors. The representatives of each factor would see only their own problem. Nothing in our modern life is a training school for such centralized management. Even military leaders find it hard to devise a centralized strategic plan for the defense of a nation as such. If we point to the continent-wide, or even world-wide, activities of great business concerns, we detect at once that they see the problem from the point of view of the business outcome and not from that of general social welfare. A contribution as distinctive as any which Russia has made since 1919 is the attempt to think of a nation's industry in terms of a Five Year Plan.

Now the point of all this is that this book is an attempt, and a successful one, to get a unified view of the social scene of today. It is not a catalogue of the facts and forces which have to be taken into the account, but an arrangement of these factors with their varying phases of significance in mind. It does not try to force the facts into a mold but to show the relation of those facts to one another. To this end the most easily misunderstood ideas and programs are interpreted with that sympathy without which any attempted interpretation is an empty sham. For example, consider the treatment of the uncompromising attitude of the communists toward all ideas and methods except their own. On the plane of the superficial and obvious, the communist doctrine and practice is absurd. How foolish to refuse aid at court from non-communists who would help get communists out of jail or to keep them

out! How absurd to protest against that freedom of speech which gives even the communist his chance! Yet the book before us makes sun-clear in a few sentences just how reasonable and inevitable this attitude appears to the communist.

The book avowedly aims at considering the social situation from the point of view of Christian principle. This means that the survey proceeds with the Christian ideals as to human worth, and as to righteous method, and as to the values which make life precious in mind. There is little or no reference to Scriptural passages and no raising of the futile question as to "what Jesus would do." What Jesus would do is what any man with a Christian aim would do if he could. The authors approach this question with regard for the largest and finest human welfare and with high scientific interest.

It is interesting to note that the book recognizes that the social situation is a moving and changing one. Humanity is indeed on the march. The suggestions offered move within the framework of an order largely capitalistic, but clearly look forward to the possibility of a change at no far distant date in that framework itself. There is through the chapters a confidence that the social organism will find its way along without catastrophe. The old motto that we are to be sure we are right and then go ahead is shown to be empty, for we cannot tell when we are right. Yet there is less safety in trying to stand still.

FRANCIS J. McCONNELL.

November 26, 1934.

ECONOMICS AND THE GOOD LIFE

CHAPTER I

THE GOOD LIFE

FROM the days of Aristotle wise men have believed that the prime purpose of the state is to insure the good life of its citizens. But what constitutes the good life and hence what kind of social institutions and what sort of social arrangements are conducive to it—on these questions people have differed in every age. It is the function of religion and ethics to give us our ideals of worth, our concepts of the good life that must furnish the goal of political and social organization. Christianity has no specific patterns or blueprints of the social order, but it furnishes what is much more fundamental—a portrait of life on its highest levels. To seek the values thus disclosed becomes mandatory upon all those who own allegiance to Christianity and to build a structure of social life that will be conducive to these values becomes mandatory upon any society that calls itself Christian. Our task is to imagine what the spirit which informs the Gospels would do to the world of economic relationships. Given free rein, what energies would the Christian spirit unloose? What goals would it seek? What mandates would it give?

In this study we are beginning with the goals, in order that they may give us guidance in our quest of a Christian way in economic life. Questions of devices and measures remain in abeyance. Regardless of feasibility or possible method of realization, what life values for the individual would a Christian society seek to actualize?

SECURITY

First of all, security. Nothing is so basic, in the world as we know it, as protection from the devastating fear that social insecurity brings. To be realistic about this we have to free ourselves from certain ideas that an individualistic tradition has fastened upon us. We have been taught to revere the strong self-reliant person who is able to

“grasp the skirts of happy chance
and breast the blows of circumstance
and grapple with his evil star.”

There is something elemental about that to which we all respond. And history is replete with illustrations of splendid achievement against overwhelming odds. Undeniably, it is possible to become great in spite of grievous handicaps and to realize sainthood in the midst of evil surroundings. Our individualistic tradition has seized upon these glowing examples of achievement and out of them has erected an ideal which is used to sanctify a social order in which such things may happen. But the fallacy in it is all too clear when one applies the Christian test. For a Christian individualism does not focus attention on the exceptional individual but upon the last person down the scale of social opportunity. Our economic life admittedly invites exceptional individuals to climb to a higher status, to reach the “top,” but the “top” has meaning only with reference to a bottom where the masses are. We have evolved a set of economic arrangements which make security a possible attainment for a few who, by reason of superior

gifts or advantages, or through sheer good fortune, are able to leave the multitude of their fellows in a less happy state. Our whole system of life requires that there be an army of people whose labor is largely drudgery and we assume that only insecurity will keep them at their toil. Even in times of relative prosperity the vast majority of our people are but a few weeks, or a few months at most, removed from the menace of want.

The spiritual toll which insecurity takes of humanity is beyond computation. Worry over the inadequacy of income to meet the increasing needs of growing families; over the hazard of illness; over the threatened operation which the doctor has hinted at; over the ever-present threat of unemployment; over the failing eyesight of a mother who has too often heard the clock strike midnight in the midst of her mending—never-ending worry saps energy, crowds out the satisfactions of social intercourse, makes the spirit bitter and the home unhappy, and often sends men out to seek escape by futile and degrading means.

But this blight of insecurity affects not only the poor. Those whose living comes from capital investments are often led to inflict hardships upon others because of a sense of insecurity on their own part. At no time is the menace of a downward swing of the business cycle very far away, and it is always a shadow hovering over the business community. One reason for the greed for profits is that the beneficiaries of profit feel their plane of living to be constantly imperilled by the chronic instability of the economic system. That system has built up a psychology of restless fear—a man must get

while the getting is good. Insecurity is our perennial curse. It squeezes the blood out of humanity.

Insecurity is by no means related solely to material status. The economic base of life influences us in many indirect ways. The race for supremacy in business, the struggle for status in a going concern, the urge for professional preferment, the pressure of social prestige, operating frequently through the women members of a household and a community—these are forces arising directly out of the economic order which are productive of cruelties and frustrations and personal disintegration in every community. Security, on its several levels—material, social, emotional—is the first and most urgent requirement of a humane social order. And the root problem is economic.

OPPORTUNITY

The next requirement of the good life that presses for recognition is opportunity. Not only a secure grasp on present status, but a chance to realize one's potentialities is among the human demands sanctioned by the Christian conscience. We are not so sentimental about equality as we used to be. We know that all men are not equal—the Declaration of Independence is a bit romantic at that point. Indeed, we have never really believed it, but we have fostered the conceit because it fits in with a vague idea of political democracy. Not equality, but a *capacity goal* for every man, woman, and child is what a spiritual democracy requires. And since intellectual and moral capacity is quite as likely to appear among the sons and daughters of those who cannot pay college fees, or afford years of non-gainful labor,

as it is in wealthy homes, economic status definitely limits the equipment that young people may acquire as a preparation for tasks for which they may be amply furnished in native endowment. This is a double tragedy. It cripples human lives as definitely as a physical paralysis (often with the same consequences in grief and bitterness) and it inflicts upon society an incalculable loss in potential achievement. A Christian society would surely seek to afford maximum opportunity to every individual, for his sake and for its own sake.

Would not an intelligent and just social order make educational opportunity entirely independent of the accident of economic status? Democracy means basically that all persons shall, as James Truslow Adams puts it, "be able to attain to the fullest stature of which they are innately capable, and be recognized by others for what they are, regardless of the fortuitous circumstances of birth or position."¹ This may be called a counsel of perfection. It could never be more than approximated in fact because of the limitations of our knowledge and the accidents of human life. But here is a criterion by which a nation may be judged. Does it seek to remove every obstacle from the path of competent individuals who are bent upon learning the knowledge and the skills necessary for a more responsible and productive participation in the world's work? And does it furnish a culture in which every person born into it may have not only physical security and a vocational "look-in" on the world but a sense of partici-

¹Adams, James Truslow, *The Epic of America*, 1931, p. 404.

pation in something ongoing and meaningful, something vastly bigger than himself in which he may really find himself? This is perhaps another way of saying that the good life culminates in spiritual fulfilment.

A HOME

A visitor from an Old World city to this country, which until depression days was regarded as a sort of fairy land of opportunity and plenty, must be astounded at our city slums, our dirty villages, our dismal mining towns, dotted with shacks where workers live. The greater part of a person's life is normally spent at home. The most important thing in life next to income is domicile. It conditions health, morality, parent-child relations, happiness, and culture. Yet we have made scarcely a beginning upon the task of giving the American people homes. Our great cities need to be largely rebuilt. Fire risks, health risks, congestion that shatters nerves and disintegrates families, drabness that dries up the spirit—all these social liabilities are in evidence in every type of American community save the little garden spots where the highly privileged can live. We can scarcely expect a higher living standard to develop or the crime rate to be overcome or the disintegration of family life to be checked until the rank and file of our people can have homes—homes that afford privacy, light and air, ample play space for children, social rooms for young people, immediate access to the soil and a garden, and space for accumulation, without clutter, of books and pictures and the many other things that are common carriers of human culture.

A VOCATION

A fourth element of the good life is a vocation that gives a maximum of expression to one's gifts, and is as consistent as possible with his temperament. Fortunately, the human being is versatile and resourceful; it is sheer superstition to suppose that there is just one ideal niche into which one must fit if he would "find himself" and make a success of life. Vocational studies show that a surprising number of people are reasonably content in their work even though chance enters largely into the choice of vocation. But this does not mean that they are making anywhere near their maximum potential contribution to social well-being. Adequate vocational guidance and training would greatly improve performance and would correspondingly strengthen the satisfactions of living. One of the worst indictments of our society is the fact that so much of the world's work has to be done in mechanical fashion and that those who earn their living in such ways regard labor as a necessary evil. One might say that the Eden story is an allegory which finds its interpretation in modern industrial life. The "fall" was accomplished when the first pair walked through Eden's gate and started down the long industrial trail, from henceforth to eat bread only in the sweat of their faces. No longer did work consist in the joyous cultivation of a garden. Is it too much to ask of the industrial order that it should furnish every one a vocation in which he will find meaning and fulfilment and that it should prepare him for satisfying performance within it? If there is pure drudgery to be done, by what right is any person

condemned to it as a permanent trade? It is no condemnation of a job that it is hard and requires discipline; but what shall we say of labor into which a man can put physical energy only, while his spirit stagnates? The very word "vocation" makes work divine. Only with a deal of rationalizing can the tasks that multitudes are required to do, year in, year out, be termed "callings."

LEISURE

Then there are the marginal hours and days—leisure—of which we are hearing so much. If the foregoing remarks about work are justifiable, it follows that one may become too idyllic about leisure time. There is real danger that the new gospel of leisure may become a cloak for the failure to redeem work. On the other hand the machine age is here and the possibility of longer leisure, consistent with an ample supply of material and cultural goods, can scarcely be doubted. An equally apparent fact, and a complementary one, is the many-sidedness of human nature, which demands variety for expression and growth. Every member of society would seem to be entitled to a dividend, in leisure, on the increased productivity of the national industrial "plant"—in other words, to have a share in the cultural heritage which his labor helps to create. Surely this is not a misapplication of the spirit of Christianity.

LIBERTY

"Life, liberty, and the pursuit of happiness." Not for euphony alone does "liberty" come before "happiness." The good life means freedom for body and mind.

Harder and harder to define in a complex civilization, freedom is none the less a most elemental human requirement. It might almost be said that the crux of the social problem is to find and maintain the optimum balance of freedom and control. That we are embarked upon an increasingly collectivist venture in this age is one of the assumptions of this book. But the test that must be applied to all our schemes of social planning is their contribution to the liberation of the human spirit. If planning has any merit, it is in the enrichment of life that it makes possible. Here is an old familiar Christian principle in a new dress. Paul delighted to say that he was a slave of Christ, and so found his freedom. The socialization of modern life has as its spiritual goal the widening of the horizons of man. The state, as we reminded ourselves at the beginning, exists not for its own sake but for the citizen. When the grip of social authority is tightened it is in order that life may be not less free but more. The denser the traffic the more assertive is the traffic control, but the regimentation is an instrument of freedom—freedom to escape injury in the pursuit of one's ends. When this is not true, the use of authority is unjustified.

It is here that the essential liberalism of the Christian spirit manifests itself. The conviction that Christianity is profoundly social underlies everything that will be read in these pages. But liberty for the individual life is a cardinal Christian principle. The changes that are so imperatively demanded in our social order find their reason and purpose in the concept of what it means to be a man. More and more the development of modern industry has put shackles upon manhood. Our Ameri-

can ideal of political liberty has been thwarted by the concentration of power. The most insidious feature of our notorious industrial conflicts is the suspension of civil liberty in the interest of property rights. When the issue is joined, time-honored rights of speech, press, and assembly are abrogated at will. Not only are the guarantees supposedly afforded by the law and the courts set aside but we see orgies of license by self-appointed "vigilantes" who make a mockery of political and economic rights. The good life requires that the individual shall possess unmolested his full citizenship. He must own allegiance to society as representing the larger interests of all, but he must not be denied the franchise, as are Negroes in the South; he must not be clapped into prison for peaceful picketing in a labor strike, as is happening almost daily in our great industrial centers; he must not be deported as an alien just because he insists upon intellectual independence, as the press and the interests of property continually demand.

GROUP LIFE

In an increasingly collectivist society much importance attaches to group relationships. We have referred to the inevitable clash of interest between the individual and the community. The reconciliation of the individual's demands and impulses and the requirements of society as a whole is a major preoccupation of a developing culture. But much of life is lived in an area that is neither the domain of the individual nor that of the state. We are in the habit of classifying all our affairs and interests with reference to these two

categories. As a matter of fact, some of the major socializing influences of life are in between.

There is, for example, the occupational group, the function of which has been emphasized by the New Deal. Many interests and activities need social ordering and supervision which we would nevertheless rather have the state keep out of. The idea of codes of practice governing functional groups—manufacturers, bankers, engineers, industrial laborers, and so on—codes that are not imposed from without but evolved from within, and operated with state sanction, is basic to a social order that falls between tyranny on the one hand and anarchy on the other. This is said without any reference to the workings of present devices under the recovery program. That question will have attention later. The point is that wholesome social growth requires group activity on functional lines. The good life includes ample provision for such relationships, encouraged by law and custom. Much of our trouble today is due to the hangover of individualistic “behavior patterns” in a setting that has outmoded them. As Dr. Felix Adler used to say, we need an ethics of group life to supplement—and modify—our individual ethics.

But this is only one phase of the matter. We have here not only an ethical and political question but a cultural one that runs as deep as human life. The greatest satisfactions in life have to do with shared experience. Those elemental interests and impulses that are not vocational—not functional in the sense in which we have been using the word—but rather are rooted in our common humanity, demand rich and free social relationships. Informal groups for the pursuit of recrea-

tion, or art, or reading, or sheer, aimless sociability may contribute vitally to the enrichment of life. But such forms of intercourse need definite social encouragement, and purposeful collaboration on the part of the several types of institution that are found in our local communities. Society, using the resources of the state and of the many types of voluntary agency, must be geared to intellectual and spiritual creativeness. The individual must find reinforcement for his social impulses in group life and a deepening of their meaning in the experience of a "consciousness of kind."

It is a prime function of religion, which is profoundly social in its origin and in its fulfilment, to further this fellowship process and thus promote the good life.

CHAPTER II

A LOOK AT THE ECONOMIC SYSTEM

AT this point we shall attempt a brief critique of the economic system as it is today. The approach must be a new one, for the conditions are new. The significance of the shift from a deficit to a surplus economy has been pointed out many times and explained by writers on economic questions, notably by Mr. Stuart Chase in *The Economy of Abundance*. One can no longer speak of capitalism as a definite entity continuing unchanged until some revolution comes along, for it is undergoing changes before our eyes. The dominant feature of economic society has been an increasingly concentrated control of economic life through ownership of the means of production. The heavy industries, turning out durable (producers') goods, which employ most of the industrial workers, have been the key to the situation. They have been kept going by a constantly expanding market. The profits of industry have been reinvested at a rapid rate and capital has pyramided. In the meantime technological advance has been phenomenal, so that the potential product of our national plant has quite outrun the effective demand (that is, demand backed by purchasing price) of the domestic market. But so long as foreign markets kept opening up and the business community and the investing public were constantly under the spell of an increasing prosperity, the pace was maintained. In the last half of the '20's storm warnings were up in the form of a decreasing

price level and growing unemployment, but people were blind to them. When the crash came it was more severe because it was overdue.

In a sense the economic order in America has not been the same since. Something had happened which, although in many ways familiar in our history, which has been studded with business depressions, was nevertheless different. The stock market crisis was in itself little more than symptomatic; it was the economic collapse that followed, practically world-wide in its scope, that caused the havoc. The expansion of markets, so essential to our capitalist economy, had ceased as tariff walls became general; a belated liquidation of war-time over-development had set in; technological advance aimed at reducing labor costs by eliminating man power was quickened as prices sagged, creating a vicious cycle. Although voices have been heard continually—except when things looked blackest in the winter and spring of 1933—insisting that this was only one more depression and that it would end as others had, a mood of uncertainty and fear has come over the country. At this moment (the autumn of 1934) the barometer registers low because of a lack of confidence that the old trusted laws of business and trade will come to our rescue as they have done before. For a perspective on the present situation we need to take a closer look at the economic system as a whole, noting its distinguishing characteristics.

WHAT IS CAPITALISM?

Sidney and Beatrice Webb have defined capitalism as “the particular stage in the development of industry

and legal institutions in which the bulk of the workers find themselves divorced from the ownership of the instruments of production, in such a way as to pass into the position of wage-earners, whose subsistence, security and personal freedom seem dependent on the will of a relatively small proportion of the nation; namely, those who own, and through their legal ownership control, the organization of the land, the machinery and the labor-force of the community, and do so with the object of making for themselves individual and private gain.”¹ This definition by two eminent Old World authorities has the merit of being sufficiently general. Abstract names, especially those ending in “ism,” are always hazardous because they suggest something static and absolute. It is common practice to identify capitalism with *laissez-faire*, that is, free competition. The *laissez-faire* principle is basic in capitalism but our industrial history and that of other countries has been marked by successive limitations of individual control. The most noteworthy attempt in America to effect such limitation on a broad scale was the enactment of the Sherman Anti-Trust Law in 1890. The purpose of this and subsequent similar legislation was, to be sure, to protect and further free competition. That is to say, the natural history of competition has been to crowd out the little fellows and foster monopoly. Hence, we have legislation limiting freedom in the interest of wider freedom. Dissatisfaction with this limitation has been growing for years, and a feature of the federal recovery program, which we shall consider later, was the suspen-

¹ Webb, Sidney and Beatrice, *The Decay of Capitalist Civilization*, New York, Harcourt, Brace and Company, 1923, pp. x-xi.

sion of the anti-trust laws in return for acceptance by industry of other measures of control. The point for us here is that the essential features of capitalism, as indicated by the Webbs, continue through all this process of regulation. We have in America, in other words, a regulated capitalism, with continuous emphasis on the efficacy of private initiative and competition for profit.

In a word, the capitalist system has been characterized by increasing division of labor and specialization; large-scale production in costly plants; private ownership of capital, employed in the quest of private profit; a price system based on competitive marketing; the substitution of the corporation for the individual employer, with attendant depersonalization of the entire industrial process; private control of credit, subject to moderate governmental supervision; and, in addition, a phenomenon known as the business cycle, which brings periodic prosperity and depression—the latter marked by large-scale unemployment. These characteristics are well known. The inquiring reader will find ample references for intensive study of them at the end of this book. We shall attempt here only to analyze the most salient features of the system as they present pressing ethical issues.

THE NATURE OF PROFIT

It is important that the terms "profit" and "profit system" should be fully understood. Profit is one of the four parts into which, according to economic theory, the product of industry is divided. The theory was developed under a much simpler set of conditions, and

runs something like this: The promoter of an industrial enterprise goes into the money market and "hires" (as Mr. Coolidge would have said) his capital, for which he pays interest at the current rate; he then obtains the use of land, for which he pays rent (the term is used in a technical sense, but that need not detain us); thence he proceeds to the labor market and hires his labor, for which he pays wages at a figure determined by the current demand and supply of the kind of labor in question; then he launches his enterprise (the French word *entrepreneur* is applied to him by economists) and as a reward for his effort he gets the fourth part of the product—all that is left. This man, whom in common English we call the employer, is entitled under the prevailing system to all that he can make. Furthermore, his profit is not to be confused with compensation for management. What he gets for that is salary, or as the economist says, wages of superintendence. Profit bears no relation to effort. The assertion is often made that it is a reward of risk but the risk may be great or small. That it is often great the mortality of industrial enterprises clearly shows. But risk is not a constant factor. Again, profit is sometimes explained as a special reward of genius, but obviously luck may play a larger part.

The question of profit is complicated by the fact that development of large-scale industry has merged the functions of employer and capitalist beyond any possibility of disentanglement. The corporation has displaced the individual employer; consequently, profit and interest go to the same people. But the difference between the two is important. Interest on capital is relatively definite, for the money market furnishes defi-

nite quotations. But profit may be 10 or 100 or 10,000 per cent. It bears no relation to effort or contribution to the enterprise. These are paid for by salaries. Profit is what in common parlance is called "velvet." If ethical questions are raised at all about business, this must be the first point of attack.

LETTING YOUR MONEY WORK

The idea that money, as well as man, can produce wealth is relatively modern. Aristotle taught distinctly the contrary doctrine. In the Old Testament, interest and what we call "usury" are identical. Even down to the late Middle Ages the Church held that to charge interest was a manifestation of greed. The age-long prejudice against the Jews was, no doubt, in part due to the fact that they indulged in this practice—although often perhaps forced into it by exclusion from the land—before it became respectable among Christians.

Interestingly enough, our old friend Benjamin Franklin contributed much to the reconstruction of economic ethics at this point. "Remember," he said, "that money is of the prolific, generating nature. Money can beget money, and its offspring can beget more, and so on. Five shillings turned is six, turned again it is seven and three-pence, and so on, till it becomes a hundred pounds. The more there is of it, the more it produces every turning, so that the profits rise quicker and quicker."² It is easy to see how this sort of thing laid the founda-

² Quoted by Max Weber in *The Protestant Ethic and the Spirit of Capitalism*, New York, Charles Scribner's Sons, 1930, p. 49. Franklin's philosophy is further discussed by Christian Gauss, *A Primer for Tomorrow*, New York, Charles Scribner's Sons, 1934, pp. 95-96.

tion for what is called today "rugged individualism." It has, be it noted, a distinctly moral flavor.

The way in which Protestantism, particularly through the Calvinist tradition, contributed to the building of a capitalist psychology, makes interesting reading. Max Weber, R. H. Tawney and others have made extensive studies in this field.³ It is easy to overemphasize this influence, and our Catholic friends are perhaps wont to do that, but there is a substantial basis of fact. A Puritan conscience, furnished with a strong individualistic religious tradition, found the surest method of glorifying God in achieving distinction in one's "calling."

It is not helpful to simplify the problem by a too literal application of the familiar phrase, "production for use *vs.* production for profit." The profit system is maintained not by the relatively few people who stand to gain enormously from it, but by the vast majority of the voting population who are convinced—though the conviction is less strong than it was—that the system is more likely to produce goods for use than any other method that might be adopted. The assumption has been quite general that as *laissez-faire* is abandoned, what we get is *lazy-faire*. This question of incentive will be considered in Chapter IX.

There is an important ethical issue here, and we must make a frontal attack upon it; but to represent the present situation as resulting merely from a clash of class interests is misleading and not useful. Radicals in America never cease to express amazement that the

³ Weber, *ibid.* Tawney, R. H., *Religion and the Rise of Capitalism*, New York, Harcourt, Brace and Company, 1926.

workers continue to stand so firmly for the existing order, although, on the radical thesis, they are opposing their own interest. We are dealing with a profound, not a simple question. It requires careful scrutiny of facts, much analysis and reflection, and the courageous application of moral judgment. All morality assumes that ultimately its ideals will be found to be in line with reality—that is to say that they are realizable in some significant way. It is never sufficient to say, "This is wrong." The insistent question is, "Then, what is right, and how can it be brought about?" The people who are asking this question are found on both sides of the property fence.

"SINNING BY SYNDICATE"

This apt term has been used by Professor E. A. Ross to describe the moral delinquencies of corporations. The coming of this creation into the industrial picture is one of the most important features of the present economic régime. The corporation is an artificial person, created by law. It serves two purposes, one obviously good, the other not so good. The first is to make possible large resources for the exploitation of natural resources and for economical operation. Corporate enterprise is, potentially at least, a means of eliminating waste. The other purpose is to allow great risks to be taken by groups in the pursuit of hoped-for gains without incurring the huge liability for the individual which he would have to bear if operating alone. This too has a legitimate aspect, to the extent that the risks are legitimate. But it is notorious that corporations incur large risks which, in case of failure, may bring

calamity upon the workers involved or upon the public at large. Most serious of all is the way in which moral sanctions tend to evaporate in corporate enterprise. The stockholders, the legal owners, know little or nothing about the business. They elect the directors—mostly by proxy—and the directors sit behind closed doors and set wage, employment, and price policies, enjoying comparative immunity from the human consequences because the management—hired men—have to execute them. The one mandate which lies heavily on the director is to make the business profitable to the stockholders. This is, in very truth, experienced as a moral responsibility. He is a “trustee.” He is merely discharging a duty. The result is that the management alone—and usually only the men far down the line in authority—actually comes in contact with the moral consequences of what is done. And these men, who do not make the policies, feel relatively helpless. Thus a premium is put upon a hard-boiled type of management that “can stand the gaff.” In all this a primary element in moral behavior is lacking: close acquaintance with the consequences of one’s acts. *In corporate enterprise, the individual is denied the opportunity to function autonomously as a moral person.*

This does not mean that the corporation makes business ethics impossible; it means, however, as was intimated in the last chapter, that a new kind of ethics, an ethics of group functioning, must be developed. Perhaps the biggest question before us is whether this process can take place rapidly enough to prevent the collapse of the economic system with all the human hazard which that would entail.

The extent to which the large corporation has become the mode of modern business and industry may be shown by a few figures. In 1930, two hundred corporations, other than financial, each having assets of \$90,000,000 or over, had in the aggregate \$81,074,000,000, which was 49.2 per cent of the corporate wealth and 22 per cent of the entire wealth of the country. The process of concentration was going on rapidly up to the time of the depression. Furthermore, the influence of these great units far transcends their actual holdings. "Smaller companies which sell to or buy from the larger companies are likely to be influenced by them to a vastly greater extent than by other smaller companies with which they might deal. In many cases the continued prosperity of the smaller company depends on the favor of the larger and almost inevitably the interests of the latter become the interests of the former. The influence of the larger company on prices is often greatly increased by its mere size, even though it does not begin to approach a monopoly. Its political influence may be tremendous. Therefore, if roughly half of corporate wealth is controlled by two hundred large corporations and half by smaller companies, it is fair to assume that very much more than half of industry is dominated by these great units. This concentration is made even more significant when it is recalled that as a result of it, approximately 2,000 individuals out of a population of 125,000,000 are in a position to control and direct half of industry."⁴ Right or wrong, this situation is of the utmost importance.

⁴ Berle, A. A., and Means, G. C., *The Modern Corporation and Private Property*, New York, Macmillan Company, 1933, pp. 32-33.

MONEY AND CREDIT

No other aspect of the economic situation is so technical and difficult as the monetary problem. It is unfortunate that so many people, addressing themselves to serious study of public questions for the first time, should have to confront such a maze of contradictory theories. All that is attempted here is to point out the ethical issues involved in the problems of money and credit as they function within the present economic system.

Money, of course, serves two purposes—that of exchange medium and that of standard of value. The latter is much the more significant economically. Money measures the claims people have against one another for services and the debts they owe. If it fluctuates widely in value all vital relationships are upset. It is one of the grievous failures of our economic system that stability of this measure of value cannot be maintained. Religion and ethics teach the duty to pay debts. But when the value of money, through falling prices, is greatly increased the collection of a debt works a palpable injustice. Behind the demand for currency inflation, dangerous as it is, there is a desire to right a wrong done to the debtor class. Changes in money value work havoc with the wage-earning population because they create a disparity between “money wages” and “real wages.” The abrogation of the gold clause in government obligations and the substitution of a dollar worth a fraction of the gold that had been promised was naturally regarded as a repudiation of debt and hence immoral. Yet such adjustments are the

inevitable result of an unstable monetary system. Here is an evil of major proportions.

Credit, much more than money, is an instrument of value transfers. Credit is the life-blood of the nation. Today it is administered as a private business although regulated in some degree. Those who control the flow of credit have the jobs of the workers in their keeping. Banking has become a huge business enterprise, exhibiting the tendency to concentration to which reference was made above. A study published in 1931 showed a decrease within a few years of five thousand in the number of banks, while two billion-dollar financial corporations had made their appearance. One per cent of the banks had resources almost equal to those of the other 99 per cent.⁵ Banks not only administer credit but in large part control the policies of the industries which they finance. This control may be exercised in social or in anti-social ways. Because the banks do business with other people's money, conscientious bankers are likely to be over-conservative at a time when risks are necessary to keep industry alive, and for the same reason less conscientious bankers make credit control an exploitative process. Recent disclosures of irregularities by great financiers are disquieting enough, but are probably of much less consequence in the aggregate than "regular" practices which contribute to the evils of the economic system which we have been considering. No plan of economic rebuilding will be of great significance that does not deal fundamentally with the credit problem.

⁵ Laidler, Harry W., *Concentration of Control in American Industry*, New York, Thomas Y. Crowell Co., 1931.

WEALTH AND INCOME

The distribution of wealth in our society and its control are not in themselves an argument for or against the existing system. To those who believe, as many do, that the social surplus is best conserved by concentrating it in a relatively few hands, it is no indictment of the economic order that such concentration has proceeded apace. Indeed, the transition that we are witnessing from an economy of scarcity to an economy of abundance tends to shift the focus of attention from ownership to use, from production to consumption. But the crux of the matter is just here: what changes in the distribution of wealth and the control of capital are going to be necessary in order to make the economic system function in the interest of consumers? We are seeing more clearly every day that wealth is not wealth at all except in terms of consumption. A million-dollar plant that has irretrievably lost its market is no better than a junk-heap. The quick evaporation of tangible assets has been a major feature of the depression.

Clearly the relation of the distribution of wealth, especially capital wealth, to the distribution of income is the heart of the matter. Income is purchasing power. *Any system which sustains it on a fairly stable basis is better than any system that does not.* Let us look at our income distribution in "normal" times. The national income, according to authoritative estimate in 1928, was \$89,419,000,000. Of this amount 42.8 per cent went to property owners, 36 per cent to wage earners, and 19.9 per cent to salary workers, while 1.19 per cent was accounted for by such items as pensions

and workers' compensation. The income tax figures for 1929 are shown in the following table:⁶

<i>Net Income Classes</i>	<i>Per cent of Persons</i>	<i>Per cent of Income</i>
Under \$2,000 (estimated).....	25.45	6.35
\$2,000 under \$5,000 (estimated)..	49.04	26.34
\$5,000 under \$10,000.....	16.27	18.07
\$10,000 under \$25,000.....	6.71	16.23
\$25,000 under \$50,000.....	1.57	8.77
\$50,000 under \$100,000.....	.60	6.64
\$100,000 under \$150,000.....	.16	3.11
\$150,000 under \$300,000.....	.13	4.38
\$300,000 under \$500,000.....	.04	2.53
\$500,000 under \$1,000,000.....	.02	2.70
\$1,000,000 and over.....	.01	4.88
Total.....	100.00	100.00

A little computation will show that the .96 per cent of the total persons who received over \$50,000 had 24.24 per cent of the total income.

A further significant fact is the much more rapid increase in the higher brackets than in the lower. Between 1922 and 1929 the total income reported in the tax returns increased from \$21,336,212,530 to \$24,800,735,564, or 16 per cent, while that of those having \$5,000 or more increased from \$7,804,021,948 to \$16,695,894,527, or 114 per cent. During the same period the *number* of those having \$5,000 or more increased only 73 per cent. This tells the story of mounting incomes of the well-to-do in a relatively prosperous time. It gives a background against which to view what has happened since 1929.

⁶ United States Treasury Department, *Statistics of Income for 1929*, p. 5.

In this connection it should be noted that the great bulk of consumption is by individuals and families having low incomes. Careful estimates indicate that approximately 80 per cent of retail purchases are made by persons having incomes not exceeding \$3,000 a year. This fact alone shows how essential to economic stability, to say nothing at all of humanitarian considerations, is a widening distribution of purchasing power.

Before the depression the question was often asked whether enough wealth is produced to give every person a good living if it were equitably distributed. Lately we have been hearing continually of "starvation in the midst of plenty" and the general impression is one of excess production. But it is important to note that the whole question of quantity production is a relative one. Economists are convinced that the demand for goods, given adequate purchasing power, is unlimited. We have never approximated adequate production in housing or clothing, to say nothing of those goods which the poor must regard as luxuries but which the well-to-do take as a matter of course. We have the plant capacity to raise production to a figure that would provide a fair living for our entire population, but we have found no way to effect a distribution that will provide markets which will, in turn, maintain production.

A careful study of production capacity in the United States recently completed by the Brookings Institution in Washington yielded the conclusion that in 1929 the existing plant and equipment could have produced 19 per cent more than actually was produced. This is very much less than many current estimates. The investiga-

tors point out, however, that it would have meant an added fifteen billion dollars in wealth. "This," they say, "would have permitted of enlarging the budgets of fifteen million families to the extent of \$1,000 each. It would have enabled us to add goods and services to an amount of \$765 on the 1929 price level to the consumer gratifications of every family having an income of \$2,500 or less in that year. We could have produced \$608 worth of additional well-being for every family up to the \$5,000 level. Or we could have brought the 16.4 million families whose incomes were less than \$2,000 all up to that level. . . .

"If, upon the very conservative grounds that we base our findings, such a betterment in material conditions lay within our grasp in the prosperous years of the late twenties, every alert mind must be driven to the question: What was there in the organization or functioning of our economic system which caused us even in those favorable years to fail to attain it, to say nothing of the margin four times as wide which we are failing today to make available to the satisfying of human wants?"⁷

Of utmost importance is the fact that the ethical concern for a more democratic distribution of wealth and income is now supported by an economic discovery, namely, that vast incomes for a few tend to pile up capital so fast that the mass of the population, with their small incomes, cannot buy the goods produced. Hence saving for investment defeats its own ends. Not only does production tend to outrun *effective* demand,

⁷ Nourse, Edwin G., and Associates, *America's Capacity to Produce*. Washington, D. C., The Brookings Institution, 1934.

but the perpetual stream of saving by the wealthy inflates the capital structure with debt. The race for profits leads to the scrapping of equipment long before it is worn out because it is *obsolescent*; that is, some newer invention will reduce labor costs to a greater extent. Hence competition leads to the employment of the mass of capital, always seeking investment, to install new devices, and the pyramiding of capital goes on. But all this new equipment represents debt. If the money is raised by bond issues, it is actual debt; if it is raised by stock issues, it is virtual debt, for investors expect dividends. Thus, before increases in wages or the shortening of hours or the reduction of prices (which is equivalent to a disbursement of purchasing power) can be considered, payment must be made on this body of debt. Such payment, in interest or dividends, goes largely to the well-to-do, who reinvest it, and so the spiral continues.

It seems safe to say that, if our individualistic system of ownership and control of property is to continue, those who hold economic privilege must adopt a new attitude of intelligent social concern based on a long view of their own and their neighbors' interests. Such an attitude would be practical and realistic in that it would recognize the ultimate necessity for social stability if there is to be individual security; it would also be ethical in that the "long view" requires sacrificing present satisfaction of individual wants for the permanent good of society. It remains to be demonstrated whether social conscience and social intelligence can together bring about our economic salvation.

CHAPTER III

THE EFFORT TOWARD NATIONAL RECOVERY

At this writing the recovery program of the federal government has been in operation about a year and a half. It is a many-sided program, the bewildering details of which are baffling to any but the closest and most persistent student. In this chapter a studied effort will be made to keep clear of details and to use as little of the governmental alphabet as possible. An extensive literature has already grown up around the recovery program, a guide to which will be found in the reading references. In particular it is hoped that users of this book will avail themselves of a newly published volume written by Dr. Benson Y. Landis.¹ What we shall attempt is (1) an account of the aims and objectives of the program, (2) an interpretation of the social philosophy underlying it, and (3) an appraisal of its more significant features.

AIMS AND OBJECTIVES

The national recovery program was aimed first at putting in motion the processes of industry and trade, which had been slowed down to an alarming degree. The key word to the recovery measures formulated by the Administration (with the advice of a great many technicians) and implemented by acts of Congress—the

¹ Landis, Benson Y., *Must the Nation Plan? A Discussion of Government Programs*, New York, Association Press, 1934.

key word to them all was *emergency*. To get out of the slump, this was the immediate problem. However, from the beginning of Mr. Roosevelt's campaign much had been said about the necessity for fundamental social changes. America, he said in his acceptance speech, must be "restored to her own people." The government must address itself to the interests of the "forgotten man." The Administration accepted the thesis of the younger economists that the tendency of capital to accumulate faster than its product could be absorbed by existing purchasing power was a basic difficulty, and hence humanitarian considerations were bound up with economic stability. A significant fact not often referred to is the appeal to religious sanctions which Mr. Roosevelt made in his pre-election speech in October, 1932, in Detroit. In reply to the criticism that he was radical he quoted Pope Pius XI, the Federal Council of Churches, and the Central Conference of American Rabbis. His economic program, he said, has ethical roots. A study of the various measures put forward shows how these two elements are related.

THE PROGRAM OUTLINED

First of all, the banking situation had to be dealt with, for the banks were closed coincidentally with the change in administrations. Legislation had to be devised to regulate the sale of securities and save the banks from their own recklessness. A gigantic relief burden had to be shouldered. Measures had to be put into operation to deal with acute agricultural distress. A large section of rural America had long been suffering because of chronic lack of balance between agricultural

prices and those of manufactured goods and because of the loss of foreign markets for American agricultural products. Urban industry needed to be rescued from the effects of a downward swing of the business cycle, aggravated by the fact that the depression had induced an effort to reduce labor costs by wage cuts and by accelerating technological advance. Thus, ironically, industry's efforts toward recovery had served to increase unemployment and to accentuate the depression. Home owners and farmers everywhere were in immediate peril of losing their properties because of a crushing burden of debt. Relief loans and moratoria on obligations were imperative.

The urban-rural conflict was recognized, and an attempt was made through the Tennessee Valley Authority to create something that might well be called "rurban," to borrow Dr. C. J. Galpin's word. Here is experimental planning, in a model unit of industry, in relation to agriculture, as Dr. Landis puts it, combined with a demonstration of the public development and sale of power. The Subsistence Homesteads experiment looks in the direction of relieving population strain in industrial centers by creating a new type of community which combines industry with agriculture.

The immediate steps designed to help industry were re-employment, the setting of a bottom for wages, and a reduction in hours of work. This program won general support, at least in theory, involving as it did a redistribution of work and income through employment of more labor. The approach to the farm problem was more complicated. It had been evident for years that farm production was outrunning effective

demand. The reason for this has been vividly put by Secretary Wallace:²

"The war rushed us out headlong to world markets. Fifty million acres of Europe, not counting Russia, were out of cultivation. Food prices rose. A new surge of pioneers strode forth upon those high and dusty plains, once called the Great American Desert, and found that they could grow wheat there. Throughout the country, sod was broken. Before the surge was over, we had put to the plow a vast new area. To replace the 50 million lost acres of Europe, America had added 40 million acres to its tilled domain and thrown its whole farm plant into high gear.

"When the war ended, Europe no longer needed those extra 40 million hard-tilled acres of ours, or for only a little longer, at best. We did not realize it at the time or for some years thereafter; some of us shrink from the realization even now; but at least 40 million acres of land, scattered all over the country, became surplus acreage very rapidly."

For years, attempts had been made at controlling agricultural production by voluntary agreement. The government undertook to accomplish this on a heroic scale, attempting a sharp limitation in the production of eight staple products by means of the payment of "benefits" in reward for non-production, the funds to come from taxes on the "processors." Later, seven more products were added to the list. This enterprise, although in line with former efforts and supported by

² Wallace, Henry A., *America Must Choose*, World Affairs Pamphlets No. 3, New York and Boston, Foreign Policy Association and World Peace Foundation, 1934.

the farmers themselves and by agricultural experts, drew sharp fire from many sources, mainly urban consumers, as an effort to "solve the problem of want in the midst of plenty by destroying the plenty."

An enormous public works program was undertaken not merely for the purpose of employing directly a large number of men but for the purpose of priming the industrial pump. It was believed that spending large sums in the construction industry, for example, would help to put business on its feet. The Reconstruction Finance Corporation made loans to more than a score of distinct classes of borrowers, and soon became by far the biggest "bank" in the United States.

With similar intent an effort was made through the Reconstruction Finance Corporation to start a flow of credit which would encourage business enterprise on a large scale.

The gigantic relief program which was found necessary was undertaken by the national government in such fashion as to make relief more nearly adequate and also more constructive by employing needy persons on civil works projects. The emergency educational program is a conspicuous example of this effort to combine relief with constructive achievement. The Civilian Conservation Corps was conceived on this pattern. Young men who would have been on relief in any case were put to work on public projects under what was believed to be an educational discipline.

But underlying all our difficulties, as the Roosevelt Administration thought, was the grievous decline in prices. As was pointed out in the last chapter, money as a measure of values and a means of transfer of values

can be a great disturber of the national peace. A sharp price decline works havoc among those burdened by long-term obligations. Hence the effort to get back to the price level of 1926 or thereabouts and thus even things up. Furthermore, the Administration said, we must stabilize prices at some such level. An end must be put to this perpetual process of inflation and deflation, this business cycle which has hitherto baffled all efforts to remedy it, not to say, to understand it. Here, as the Administration seemed to realize, it was on thin ice. A prominent economist, himself considered a monetary expert, has declared that there are less than a score of people in America who really understand the monetary problem. The President was disposed to experiment, assuring the people that in this and any other matters an unsuccessful experiment would be frankly owned and promptly abandoned. The experimental buying of gold had for its purpose the lowering of the value of the currency with reference to gold and thus contributing to a rise in the general price level. It was undertaken in opposition to prevailing expert opinion, which holds that commodity prices are not determined primarily by the price of gold bullion. The abandonment of the gold standard, that is to say the suspension of gold payments, was a further step in this same venture. Finally, the devaluation of the gold dollar, in addition to serving as a stimulus to American export trade, and providing a huge "profit" to the government, was also a heroic effort to lift the general price level.

It will be clear from this brief sketch that the two sets of aims in the recovery program, denominated

"recovery" and "reform," have been closely intertwined. The first means, in a word, business revival and re-employment; the second means primarily a redistribution of the national income with a view to removing the major cause of economic crises.

THE PHILOSOPHY UNDERLYING THE PROGRAM

It is in relation to the alleged conflict between these two sets of aims that the philosophy of the recovery program must be understood. On the face of it, Mr. John Maynard Keynes, the noted English economist, Mr. Walter Lippmann, and others have made a case when they said that recovery and reform run counter to each other. That is to say, the most effective stimulus to recovery is the greatest possible hope of renewed profits of business enterprise, while the inevitable effect of reform is to raise costs, lessen profits and therefore to increase hazard and dampen business enthusiasm. Probably no one at Washington has ever been blind to this conflict. The critics, however, are confronted by two difficulties. First, if the official diagnosis was correct, recovery without reform would be only what former Governor Alfred Smith of New York would call "a shot in the arm"—a prelude to a downward spiral later on. Secondly, the prescription, first recovery and then reform, would probably not work, for obvious reasons. The devil is much less tractable when he is in good health. At best, however, the program involves these two variables and a course steered with reference to them inevitably requires frequent observations and soundings and many an alteration. The philosophy of the recovery program as set forth by the Administra-

tion, although not so fully expounded as many have wished, is a philosophy of experimentalism. The direction is clearly indicated: it is toward a greater amount of social control in the interest of the well-being of the entire community. But no crowding out of individual initiative through governmental regimentation was ever contemplated. This fact leads persons of left-wing convictions to declare that the whole program may be summed up as an effort to rehabilitate capitalism. Viewed from a more conservative angle, it is an effort measurably to cure the major ills of capitalism.

It would be difficult to find an example of a public enterprise about which such conflicting and heated judgments have been expressed. It is condemned by the conservatives for being revolutionary and condemned by the radicals for being conservative. Idealists who supported and church bodies which commended it are denounced on the one hand as little servants of the rich and as coming to the rescue of a decadent economic system. On the other hand, they are denounced as friends of revolution and enemies of the republic. As happens now and then in our confused alignments of interest, the ultraconservatives, including many of the political foes of the Administration, have in effect joined forces with the "left" to oppose the national recovery program. The churches are divided and give the impression of not knowing their own minds. The Federal Council of Churches has urged coöperation with the Administration in line with its declared moral aims, holding that the recovery program is, in appreciable degree, an implementation of some of the Social Ideals of the Churches. This com-

mendation was accompanied by a reminder that the government's program by no means expresses the full social purpose implicit in the Christian Gospel. "The Christian conscience," the Council declared, "can be satisfied with nothing less than the complete substitution of motives of mutual helpfulness and good-will for the motive of private gain. . . ." On the other hand, a number of church groups and agencies have taken a position hostile to the national program. The Methodist Federation for Social Service can see in it only a reactionary effort.

The key to this conflict of opinion seems to be not a difference in ultimate social ideals so much as a difference in basic assumptions as to the existing social situation, which results in opposing views on strategy. Those who regard the existing economic system as tottering to its grave and unable to prolong its life without artificial respiration oppose any effort to make the federal program effective. Why should the churches help to rehabilitate a decaying institution? On the other hand, those who are not nearly so sure of impending economic catastrophe and who believe that any movement in the direction of humanizing the economic order is a step toward a Christian social goal have been disposed to give moral support to the efforts of the Administration. Suspecting that we have a long, painful road to travel and that the expectations of the catastrophists are romantic rather than realistic, they have seized upon the recovery program as offering substantive values in terms of social reconstruction.

A frank account of the situation, however, must not overlook the fact that the vast majority of people, within

the churches as well as outside, have no clear judgment on the question and are lacking in the social convictions that would furnish a basis of judgment. Discontent, on the one hand, and prejudice on the other, and emotional reactions to leadership, for and against, count more heavily than reason and conviction. It is altogether probable that the resolutions of church groups condemning the New Deal on idealistic grounds would have had less easy sailing had not many of the members of these assemblies been cold to it on quite other grounds.

A further discussion of this question of social philosophy will be found in Chapter VIII. For the present this brief presentation of opposing points of view must suffice. Friends and foes of the New Deal agree that it is experimental—even the foes on the left and those on the right agree on that. It seems fair to insist that critics shall at least recognize the implications of that word. Those who continually demand to know what the ulterior purposes are and where the Administration is going fail to realize what “experimental” means. It is of the essence of this Administration, for good or ill, that it does not and cannot know where it is going, precisely as it was of the essence of the preceding Administration that it was always sure just where it wanted to go. This is not a value judgment; it is description. Whether it reflects credit or discredit depends entirely on one’s point of view.

APPRAISAL—ON THE MERITS

By “on the merits” is meant in the light of declared purpose and aims. Leaving in abeyance the question

of evaluation of the program as a whole, let us look at the credit and debit account of the New Deal to date. The basis of this inventory is admittedly fragmentary. Moreover, the scene is shifting rapidly and new situations arise before the type is cold in an account of the old ones. But some facts may be set down in brief, many of which will be dealt with in greater detail in subsequent chapters.

As for recovery, as measured by the usual indices, we are at this writing (October, 1934) not making headway. In fact we are experiencing a recession. This is generally recognized, and is attributed to lack of confidence. This means lack of sufficient assurance of substantial rewards from business to justify risk. A further step has just been taken, through the nationalization of silver, in the general direction of monetary inflation. The stock market twitched and turned over in its sleep. To some this new move means a confession of failure and a harbinger of disaster; to others it is one more step in a program that can only be successful if made more drastic. Re-employment has been halted and the trend apparently reversed, at least for the moment. Car loadings are marking time. Markets are sluggish. It has been found that marketing gold and silver works no magic with the price level.

On the other hand a substantial improvement has taken place during the first year of the New Deal. In spite of some casualties, the banking system has been restored to functioning and here reform has in a measure accompanied recovery. Investment and commercial banking have been divorced (one divorce that religion can surely bless), and a tighter rein is held on the mar-

keting of securities. Deposits have been guaranteed to a sufficient extent to remedy what had become an intolerable hazard to the small depositor.

The NRA, stormy petrel of the New Deal, has had a checkered career. The code system has suffered from being both too much and too little. It undertook the reform of industry in the interest of economic stability and of a higher living standard for the nation. But the means of control were inadequate. In place of federal authority to control price, the good-will, social vision and resourcefulness of code authorities made up principally of management were relied on to work out patterns of approved business behavior. In this there were both good and bad. When the smoke of the Darrow bombardment had cleared, the charge that the NRA was conducive to monopoly had enough substantiation to raise serious questions in friendly minds. On the other hand, from an educational point of view, a process has been initiated which has large possibilities if the course ahead of us lies at all within the area of individual ownership and initiative.

Furthermore, there are many gains creditable to the recovery program in industry which are but slightly visible. Child labor has been, not abolished, as spokesmen of the government too freely say, but very sharply reduced. The way to its abolition in industry has been opened. Some appalling sweatshop conditions have been abated. Indeed, one reason why the New Deal has been credited with only Lilliputian achievements is that the Brobdingnagian size of the tasks has not been understood. Investigators have often found instances of people working full time under unsanitary

conditions for a weekly wage that would be fair compensation for but one day. The absurdly low minima set by some codes acquire significance when it is realized that they represent very substantial gains for exploited men and women. But for skilled labor the case is different. Yet labor organization has received an impetus unknown since the War. This phase of the matter must have separate consideration.

The agricultural program of crop limitation has apparently accomplished its first objective but the result is confusion because nature took a hand in the process. To many the unprecedented drought will doubtless appear much more than a caprice of nature. The source to which they attribute the visitation will depend on their social philosophy—and their politics. At any rate, let it be said that what farmers and agricultural experts had sought a method of doing for years (and it seemed to matter little what side of the political fence one was on) the Agricultural Adjustment Administration has accomplished by invoking the most authoritative sanction—and spending the required funds. Probably nobody, least of all the Secretary of Agriculture, takes any great satisfaction in the achievement, for the policy it represents is so palpably and pitifully lacking in social perspective. The most and the least that can be said is that, short of drastic control running away beyond what Congress could possibly be prevailed upon to authorize, this emergency method of dealing with a surplus product was the only one in sight.

It is too early to appraise the Tennessee Valley experiment or the Subsistence Homesteads undertaking. At the least, they have the keen and active interest of

political and social scientists as well as of those who are getting cheap power for the first time or having their first experience of comfortable, zestful, coöperative community life.

The Public Works program has lagged seriously. If the principle underlying it has any validity, success can come only through quick and adequate action and advance planning. Be it said to the credit of those in authority that the slowness has been due in part to zealous care lest corruption should creep in. We have not had any demonstration of the efficacy of a public works program in lifting industry out of the doldrums. Obviously the issue of such an experiment might be one of three developments. First, like an ineffectual stimulant to a patient with waning vitality, it might simply fail, resulting only in a huge public debt. Secondly, it might give the necessary impetus to business so that it would revive under private initiative and control. Thirdly, it might be adjudged a sound method of disposing of the social surplus, and increasing what may be called the general cultural income, and so be continued irrespective of the emergency which called it into being. Some students of the economic situation believe this is the way to stabilization.

What can be said of relief? The situation is at this writing one of desperate seriousness. The method of individual neighborly "charity," which three years ago the President of the United States was advocating as the American way, has been completely outmoded, and the government has become the almoner of millions. The only bright spot in the picture is the way in which relief money has actually created and maintained a rich

variety of services—scientific, educational, and artistic—thus sustaining morale on at least a higher level than would otherwise be possible, and rendering public service. The fine spirit, the enthusiasm, and the professional and technical merit of large numbers of these workers give food for much reflection. Many of them have found it possible to combine genuine interest in what they were doing with a wholesome social concern that expressed itself in organized protest against injustice and ineptitude. The fact that there has been so little spiritual pauperization among them suggests that we are on our way to a more collectivist social economy in which being the recipient of support from the community merely means that one is working for the community. Certainly the ranks of the C. W. A. have been an impressive testimonial to the possibility of motivating competent labor which enjoys but the meagerest of money rewards. Incidentally—or should we say, ominously?—men and women on a work dole are in excellent training for leadership in a much more drastic reconstruction than has yet been undertaken, should those with power in their hands delay too long to make a better world.

CHAPTER IV

THE CRISIS OF DEMOCRACY

CRITICISMS of the New Deal commonly take the form of a defense of democracy. Leaving aside the arguments which reflect political prejudice, we shall concern ourselves in this chapter with the fundamental issue of freedom and control in an industrial society. It was previously pointed out that a perennial problem for a nation with the hereditary ideals of America and facing the necessity of adjustment to a growing complex of economic forces is the balancing of freedom and control. How can we develop the controls increasingly necessary to protect a great working population from impersonal forces that threaten to engulf them and at the same time preserve a maximum of that freedom which men at their best have immemorially prized? Many answers are being given. It is solemnly affirmed that unless the collectivist trend is halted our liberties are dead. On the other hand it is being urged that capitalist liberties are after all a hollow possession—that so long as present economic handicaps continue for so large a part of the population it is idle to talk of liberty.

A CHOICE OF LIBERTIES

Obviously everything depends upon what kind of liberty we focus attention upon. Many liberal observers of life in the Soviet Union have found the removal of economic hazards through a highly centralized control a very substantial compensation for the loss of

liberties which we in America cannot imagine surrendering without forfeiting the zest of life. A recent writer has recalled in this connection Æsop's fable of the dog and the lean wolf. The half-starved wolf is persuaded by the dog to domesticate himself and share his own heritage of peace and plenty. On the way to the home of the dog's master, however, the wolf notices that the hair on the dog's neck has been rubbed off. Inquiry as to the cause elicits the interesting fact that the dog wears a collar as the price of his favored status and is tied up all day while he guards his master's house. This settles it for the wolf, who repudiates his acceptance of a station within a domestic economy. Security is desirable, but security on the end of a chain is too much. The precarious existence afforded by the forest is more to be desired. Tastes differ, of course, but among readers of these pages there is likely to be little questioning of the wisdom of Æsop's wolf. At least one would wish to make searching inquiry for possible compensations accompanying the dog's collar. An equally pertinent question, however, concerns the present state of the foraging in the wolf's habitat. As the writer referred to points out, the woods where our *laissez-faire* foraging goes on have been affording dwindling rewards. Indeed, it takes a big bad wolf to eke out more than a bare living. Under such circumstances to refuse a collar may be to invite bodily destruction. Is there any way to wear the collar that does not break the spirit?

This is the crux of the matter. Must it be either liberty or death? Does the "great society" break man's spirit in order to fit him into a régime that will feed his

body? Certainly if we are able to conceive liberty only in the familiar terms with which a sharply competitive society supplies us, we are marching to liberty's funeral. Mr. Mencken has recently said that very few people actively resist any movement to deprive them of their liberties and that it is absurd to suppose that there is "anything even remotely resembling a natural love of liberty in mankind."¹ However exaggerated that may be, the struggle of Moses to keep alive the love of freedom in the hearts of the Israelites when they were yearning for the flesh-pots of Egypt furnishes a memorable example of the way comforts lure men away from the pursuit, or the defence, of freedom. Most revolutions, Mr. Mencken says, have been fought, not for liberty, but for privilege. It is not cynical but merely realistic to recognize the rôle played by "bread and circuses" in political history. Every labor leader knows that a bit more in the pay envelope or judiciously distributed "welfare" will often cool the ardor of workers who had been moved almost to the point of revolt in the interest of industrial freedom. This fact enables autocratic employers to say with exasperating insistence but with a melancholy truthfulness, "our men are satisfied!"

THE NATURE OF LIBERTY

Upon what does this elusive concept of liberty rest? Is it a "natural right," which governments and all agencies of power are under a moral obligation to respect? Americans are schooled in the tradition that citizens in a democracy have "inalienable rights," upon a respect

¹ Mencken, H. L., writing in *Liberty*, August 25, 1934.

for which all valid government must rest. This doctrine is an inspiring one but it presents increasing difficulty as we attempt to define these rights—to make them “substantive,” as the lawyers say. We have had a long contest in America over whether one has a natural right to drink what he pleases. How is such a right to be defined? During the last year it has become painfully evident to the champions of individual liberty in that battle that the “right” must in any case be limited by law and the business built up upon it must be sharply regulated in order to avoid chaos. One of our original American tenets was that the citizen must be permitted to bear arms. But we have found by experience that the right to bear arms must be distinguished from the “carrying of concealed weapons.” The insistence on representation through the franchise has a veritably religious quality among us, yet when the doctrine is carried over into the field of industrial relations, where property right carries with it almost the power of life and death, loud voices are raised against it as an infringement of the owners’ inalienable right. Even in the political realm, the franchise is withheld or withdrawn for a variety of causes depending upon considerations of public policy. Furthermore, in times of crisis, even the most elemental liberties are denied.

Clearly, we advance ourselves but little in the understanding of liberty by asserting original innate, unalterable rights. A classic statement of the nature and the ground of freedom is that of John Stuart Mill in his essay *On Liberty*. It is not, he says, an “abstract right,” but is grounded in considerations of the social good. It is not as if society must sit by and suffer injury because

the individual has an inherent right to inflict that injury. Not at all. Such guarantees as society gives to the individual must be consistent with its own health and integrity. Otherwise they could not be given. The matter is put most impressively in relation to freedom of speech. "If all mankind minus one," says Mill, "were of one opinion, and only one person were of the contrary opinion, mankind would be no more justified in silencing that one person, than he, if he had the power, would be justified in silencing mankind. Were an opinion a personal possession of no value except to the owner; if to be obstructed in the enjoyment of it were simply a private injury, it would make some difference whether the injury was inflicted only on a few persons or on many. But the peculiar evil of silencing the expression of an opinion is that it is robbing the human race: posterity as well as the existing generation; those who dissent from the opinion still more than those who hold it. If the opinion is right, they are deprived of the opportunity of exchanging error for truth: if wrong, they lose, what is almost as great a benefit, the clearer perception and livelier impression of truth, produced by its collision with error." Thus the ultimate basis of freedom is social.

This seems to be close to the heart of the matter. It gives both government and the citizen a sphere of functioning that is consistent with social change. But it is completely at variance with all traditional notions of "inalienable rights." The content of liberty has to be defined again and again, and often experimentally. We are just now, both nationally and in respect to world affairs, in a period of change in which experimentation

on a large scale is necessary. The test of any expedient that we try must be the effect that it has on the life of the whole people—and all the peoples—in terms of their total well-being. If restraint is found to be necessary in order that no one shall hoard the people's food, or freeze the flow of business credit, or debase the living standard of the workers in industry and on the farm, then restraint is consistent with democracy. Is liberty thereby destroyed? Undoubtedly, but not without real compensation. In the last analysis democracy rests on an ethical basis. It means, as we said earlier, that every human being shall be able to achieve what is potential in him. And the restraint upon others which this involves can be made effective only as those more favored by circumstance come to prefer a status that does not rest upon the repression of their fellows. That is to say, the restraints implicit in effective government are compensated in enlarged social experience. This runs counter, of course, to the "Jeffersonian" view—held by many persons who stand quite outside Jefferson's party tradition—that the best government is necessarily that which governs least. On that theory government is inherently an evil to be endured only as far as necessary. It assumes that government rests on force, and takes no account of government as a collective, social instrumentality which a people may deliberately use to promote common ends. The view here presented is that government rests on convention, on social self-discipline, not upon force. It would be evolved as a means to group effort even if there were no tyrants to impose it and no criminal elements against which force had to be invoked. Where there is traffic control, universally

accepted and relied upon, there are the rudiments of all governmental activity.

This discussion has nothing to do with the process by which social authority may be extended to meet the needs of a growing collectivism, whether it will involve force, and if so, how much. That question we shall deal with later. The point here is that an ordered society requires that the restraints which individuals have to accept, shall be compensated; in other words, it requires the substitution of new liberties for old. For example, an increase of taxation is almost universally regarded as an evil. People come to accept it only when satisfied with its results, when convinced that they have received a *quid pro quo*, that their government has given them their money's worth. Old-age pensions and workmen's compensation cost money, but if they remove in reasonable degree the constant moral burden which visible, unnecessary suffering entails, the surrender of a larger part of one's income is the purchase price of a new kind of freedom. If this is not true, then it is difficult to see any future for democracy. If the vicissitudes of our social and economic development make increasing restraints or exactions inevitable, and if at the same time these are regarded by human beings as despotic and evil, then the only kind of government that can play the rôle effectively is one that meets all the specifications of a despotism. Only as men value governments because the powers they wield enrich life will government rest on a durable basis.

DEMOCRACY OR FASCISM

This brings us to that new phenomenon of our time

—fascism. It is an attempt to meet the multiplying emergencies which accompany the failure of an economic order to furnish the material basis of a good life, by regimentation of the whole people in the interest of preserving a maximum of existing property interests. It is an undemocratic expansion of power which attempts to restore the failing economic security to the extent of providing sustenance to the population but without a sufficient shifting of the economic balance to bring about any real or permanent emancipation for the masses. Fascism begins when a nation confronts a crisis which threatens economic collapse and possibly revolution, and seeks to strengthen the foundations of capitalism by political and psychological devices. Men are intrigued by notions of national destiny, racial mission, or some other spurious ideal and lured away from concern for their own liberties. Great economic interests readily accept the relatively slight hardships inflicted upon them because of the more real menace to their status which fascism tends, or promises, to abate. To be sure, in Germany, we have "Nazism" appearing under the guise of "national socialism" but the consolidation of Junker forces behind Hitler shows how hollow is this pretense. Fascism reveals the twin-brother relationship between nationalism and vested interest. That is to say, when the grievances of the mass of men against an exploitative economy become too burdensome, an alliance is effected between economic interests and patriotism which deflects popular concern from the ills men suffer to the glory that their nation may achieve. Thus fascism affords an effective, though spurious, compensation for habitual exploitation. The

spiritual difference between fascism and democracy is that the compensation which the former offers for the sacrifice of liberty in an evolving industrial society is artificial and illusory while that which democracy seeks to furnish is real, because it aims not at the perpetuation of a class interest but at the socialization of class attitudes by a new motivation.

IS THE NEW DEAL FASCIST?

Charges have been frequent that the New Deal in America is fascism. This contention needs to be examined dispassionately, quite apart from one's view as to whether the program is commendable or not. Objectively, and unemotionally, viewed, is the recovery program a form of fascism? Curiously enough, the charge has come both from the extreme right and from the moderate and extreme left. It is not without plausibility when it comes from the left, although even then it is difficult to sustain without a decided warping of language. But when made by spokesmen of property and privilege it indicates ignorance of what fascism is as well as a deplorable lack of a sense of humor. A distinctive mark of fascism, as already pointed out, is a political regimentation in the interest of preserving the existing property structure. The spokesman for property who attacks the New Deal may regard it as socialistic—or, if he is emotionally up to it, as communistic—but when he interprets it as a drastic means of bolstering up the property structure, he gets out of his rôle altogether.

The same charge coming from the left has meaning, at least, but a doubtful validity, unless it be taken

merely as the expression of a trend or as the setting of the stage for some future drama. The attempt of defenders of the communist thesis to identify the New Deal with fascism involves an arbitrary definition of fascism and one that is largely fanciful. The argument runs something like this: Fascism aims at rehabilitating capitalism; the New Deal proposes to work itself out within the capitalist framework of modern society; therefore the New Deal is merely an attempt to rehabilitate capitalism; therefore the New Deal is fascism. That this is a double *non sequitur* needs no argument. It identifies fascism with the *economic aims of fascism*, which is to ignore its essentially political nature. It also identifies every effort to mitigate the rigors of capitalist society with a partisan support of the system, overlooking the fact that even a utopian might see in a collectivist program such as the New Deal embodies the most promising immediate step.

The New Deal is frankly conceived within the general capitalist framework but the opposition it has encountered from vested interests should be sufficient to discredit the fascist charge on economic grounds alone. On the political side the contrast is striking. Fascism installs a national party which becomes identical with the government, and substitutes obedience to a *Duce* or a *Führer* for responsible citizenship. In the identification of party and government it resembles communism much more closely than it does any of the western democracies. It is of the essence of fascism that it shifts political power away from the electorate. Such gestures as it makes toward winning and executing popular mandates are without significance save as they reveal the

results of successful manipulation. They are entirely conditioned by the concentration of administrative power, control of the press and of communication, and an actual or potential terrorism that makes a mockery of democratic procedure.

The present struggle over political power in Europe and the struggle over economic power in America should be instructive as to the requirements and the capacities of a democratic system. As we have noted, no government can meet the test imposed by the changing economic situation that cannot function with increasing authority. Recurring crises require frequent exercise of emergency power. This fact has probably contributed much to the growing skepticism about democracy. But how much does democracy mean? Certainly not that the government and the people are identical. In a searching analysis of the problem of democracy Mr. Lippmann has said that the public can intervene in the highly complex business of government "only when there is a crisis of maladjustment, and then not to deal with the substance of the problem but to neutralize the arbitrary force that prevents adjustment."² Democracy demands that the public shall function only when it can effectively do so. This happens when large issues of policy confront the nation as was true in November, 1932. But with the direction of policy decided, with the mandate given, there is nothing inconsistent with democratic theory in an interim concentration of power. Indeed, in a great nation, where the test of public opin-

² Lippmann, Walter, *The Phantom Public*, New York, Harcourt, Brace & Co., 1927, p. 199.

ion and the registering of a common will are difficult and cumbersome processes, it may be the very salvation of democracy that the government shall function with as little restraint as possible, always assured that when the people change their mind on policy, they will act as swiftly and as devastatingly as may be necessary. There is something unreal and romantic about the traditional American notion of popular government. A democracy must know how to concentrate power when the social situation demands it. The irreducible requirements are open, unmanipulated channels of information, free expression of opinion and a reasonably frequent "going to the country" for fresh mandates of authority on broad issues of policy.

This does not mean, however, that there is no danger of fascism in America. Indeed, the contrary is probably true. What has been said above is by way of clearing the air of ill-considered, indiscriminating judgments. One cannot look without apprehension upon the outbreaks of "vigilante" activities, connived at or openly approved, which amount to an unauthorized extension of the government, traversing constitutional guarantees; or the readiness with which martial law is resorted to; or the lusty growth of new "shirt" organizations aimed at an unconstitutional exercise of political power; or—and this in particular—the stubborn resistance of industrial interests to the efforts of government agencies under the Recovery Administration to establish democratic relations in industry and to effect a wider distribution of purchasing power. This last element in the present situation is fraught with danger, for a failure to make the economic system meet the demands of an

emerging surplus economy is bound to create a new and greater crisis which, in turn, may usher in a new régime of power on the latest European model. The great middle classes, frustrated in the attempt to make democracy function in an hour of imperative need, are altogether likely to follow the lead of the privileged classes and to choose fascism as a last defense against the complete dissolution of the present order.

The Yardstick, bulletin of the National Catholic Welfare Conference, in a recent issue contained the following: "Last March should not slip the mind. That was when the NRA Code authorities, i. e., the representatives of the business organizations of the country, met in Washington and turned down the Administration's fervent request that they cut hours and raise wages, for example, 10 per cent each way. It was a turning point. . . . When you read about 'the oppressive powers of the government over American business,' remember that organized business refused that 10-10 proposition and got away with it. When you see a bread-line, remember it. When you learn that nine or ten million are still out of work, remember it. When you hear the howl that the tax burden will be too high, remember the 10-10 refusal." This is a terse way of putting the very close relationship between the attitudes and policies of business leaders and the fascist menace. If fascism should come in America it will probably be because American business with the desperate support of the middle classes will turn to it as a last resort after moderate measures and orderly reconstruction have been refused by the leaders of business, finance, and industry.

THE SEATS OF POWER

But the test of democracy is not merely one of exercising emergency power. The whole concept of political government stands in need of revision. The democratic objection to the "totalitarian state" or any similar ideal is not merely that it creates an abode for wilful despotism. It calls for an absorption of functions that do not properly inhere in the offices of political government. The crux of the church controversy in Nazi Germany is the invasion by the state of the domain of religious government. Nazi theory seems to identify *socialization* with *nationalization*. Our political history has, in fact, set the stage for what has happened in Germany and Italy by fostering the concept of an absolute state. It has become a cardinal virtue to believe in majority government, without discrimination as to the sphere of political power. Latterly, however, certain of our political scientists have been careful to distinguish between the state and society. The distinction is long overdue. Theoretically, society might abolish the state, as American syndicalists (the I. W. W.) have advocated. The source of much of our present confusion, and, in large part, of the fascist menace, is the tendency to think of political power as all-inclusive. This runs counter to the Jeffersonian theory that government should be sharply limited in its functions. But that theory was evolved in an economy which put minimum demands upon government and is therefore quite inadequate in a time when economic processes constitute the chief problem of government. The new attempts, however, to create adequate authority tend to

spread political sovereignty over every sphere of life. And, since political power ultimately resides in the strongest economic groups, an economic crisis inevitably brings us to the verge of fascism.

An ordered and wholesome community life requires many kinds of government that are not political. The mischief done by assimilating a public-school administration to a political system or by attempting to impose the authority of the state in the field of industrial relations through compulsory arbitration are familiar facts illustrative of the limitations of political government. One of the most significant features of the New Deal—that is, potentially significant—is the code plan. That it has worked faultily and has suffered through an overloading of the code authorities with producers' and financial interests operating under a suspension of legal safeguards seems clear. But the germ of something vital is here. Democracy requires increased activity on the part of functional groups—groups which possess technical knowledge and skill which government can never possess. It requires self-government to the greatest possible extent in industry, in education, in religion, in the professions, and all along the line. Government may and must increasingly prescribe standards, set limits, and referee disputes. More than this, it must stand ready to take over entirely great basic services, when public welfare so dictates, and operate them as it does the mails. The limits of such assimilation will be set not by any one's theory concerning the foundations of the Republic, but by actual experience, tested by the needs of human life. But however far this process may go, the distinction between political matters, in

which the whole people must be sovereign, and the many non-political concerns that operate under less inclusive sovereignties, must be kept clear. Citizenship consists in membership not in one group but in many, with not one loyalty but with many, and freedom therefore has many facets. As government increases its functions, limiting the citizen in a variety of ways, he must find compensation in a constantly richer and more significant life in the many social groups which a growing citizenship is constantly creating.

THE PRESENT PERIL

As the security of society is threatened, the fortunes of liberty go down. For liberty is not an absolute virtue which can be once for all purchased by blood. It is bound up with man's continuing struggles. The danger today is that governments will stake all upon the preservation of those class privileges with the maintenance of which they have been too closely associated, sacrificing the freedom of the many to the security—for the moment—of the few. The suppression of civil liberties is a universal accompaniment of industrial strife. The mechanisms of social control are almost as closely linked to the management of industry as if they were operated from one office—as, indeed, they often are. As society itself becomes more seriously and more patently involved in these struggles we are likely to see mass denial of liberty as the government's answer to a mass demand for larger rewards for human labor. "All over the world," writes Mr. Laski, "even if in varying measure, insecurity has given us so terrible a fear of tomorrow that we are tempted to trample upon the

claims of freedom lest its expression defeat the power of established authority to maintain itself."

But if the theory of democracy counts for anything in history, the security of any existing régime that is purchased by a policy of repression is bound to be short-lived. One rarely reads more convincing words of prophecy than these, with which Mr. Laski clinches his argument: "Men who are prepared to die for a cause have already vindicated its right to be discussed; and to suppress their claims by persecution is simply to arm them for the conflict which then becomes inevitable.

". . . The Roman Church was deaf to the Conciliar movement; it paid the price in Luther and Calvin. The *ancien régime*, which gave no heed to Vauban and Boisguillebert, to Voltaire and Rousseau, ended in the flames of 1789. Tsarist Russia paid the penalty for its corrupt violence in the costly victory of Lenin and Trotsky. An England which was hostile to Parnell and Redmond was driven to capitulate to Griffith and Michael Collins. Had Mooney been pardoned in 1917, his case today would have been hardly a memory. In politics as in nature, in the long run action and reaction are equal."³

³ *Yale Review*, Vol. 23, pp. 537-8, March, 1934.

CHAPTER V

THE NEW RÔLE OF LABOR

THE INCREASING TENSION

THE attention of the nation has been focused sharply in recent months on the labor situation. There has been an upheaval in industrial relations which has not only harassed the Administration but has tended to alienate public opinion, which is always more preoccupied with its own comfort than with questions of justice. Probably few precepts have made more mischief than the one so solemnly reiterated in the press, at public dinners, and in the pulpit, that the public interest is paramount and labor must not strike against it. The difficulty with this statement is not that it is untrue, for no one questions the validity of the principle which it invokes. The harm is done by our habitual identification of the public interest with the public's convenience. The *Saturday Evening Post* recently carried a cartoon depicting Uncle Sam suspended horizontally over the abyss of depression, clinging with bare hands to the ragged edge of recovery, while labor, pictured as a thug, brings down a hammer on his fingers to make him let go. No greater disservice could be done the nation than this utter misrepresentation of a grave situation.

The increase in strikes is not only a symptom of acute distress and a protest against the unreasoning enmity of large employing interests; it is a central factor in the new economic situation which has developed. In 1929

there were 903 disputes involving 250,463 workers. In the following two years the number declined. But in 1933 there were 1,373, involving 774,763 workers. This is about the number recorded in 1923. The record for 1934 will probably be much larger. Wages and hours, normally the grounds of a majority of industrial disputes, are being eclipsed by the demand for status, that is, the right of collective bargaining "through representatives of labor's own choosing."

LABOR AND THE LAW

The key to this new emphasis is, of course, the National Industrial Recovery Act, with its famous Section 7a. That section requires that all codes of fair competition framed pursuant to the law shall contain this provision:

"(1) That employes shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection;

"(2) That no employe and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing. . . ."

With the effort to secure authoritative and acceptable interpretation of this provision labor history in America

began to repeat itself. When the Clayton Act was passed in 1914 it was hailed by labor leaders as a Magna Charta for organized workers. It provided that, in federal courts, labor organizations should not be considered to be unlawful combinations in restraint of trade. The new law looked like an exceedingly valuable resource for labor until the courts began to interpret it, when it appeared that nothing more had been done for labor than is implicit in the common law. After long agitation and with the assistance of liberal groups and church organizations, labor secured in 1932 a federal law sharply limiting the use of injunctions by the federal courts in labor disputes, but, valuable as this was in abating patent abuses, the handicap of labor remained. The crucial point was the right of organization and recognition for purposes of bargaining. No legislation prior to the NIRA really attacked this problem. The new law, in the provision quoted above, on its face undertook to give the unions a free field by making interference by employers illegal under the recovery codes. What has happened? Painful experience showed labor that the legal right so defined was equivalent to an enabling act and little more. It was of basic importance, if observed, in that intimidation and interference by employers through discharge for union membership and similar tactics were outlawed. However, assuming that the union has, pursuant to these legal guarantees, enrolled a majority in a given industry or plant, there is no power to make an employer enter into negotiation with it. In the last analysis, labor falls back on its own resources. To be sure, the refusal of employers to deal with labor is con-

trary to the spirit of the law, but legal compulsion is another matter. Thus, after twenty years, labor finds once more that there are definite limits to what the law will do for labor unions.

The effect of this experience on labor strategy has been aggravated by a fresh manifestation of hostility on the part of employers. A striking example was the declaration on July 10 by the president of the Republic Steel Corporation that before he dealt with trade unions he would go back on the farm and raise potatoes. These are fighting words running directly counter to declared public policy. (Later the company substantially modified its position, continuing, in effect, informal relations with the union.) Worse than this, some employers have lost no opportunity to obstruct the administration of the law by combating union efforts to organize by legal means. The inevitable result has been an increasingly belligerent attitude on the part of the labor movement. The Recovery Act definitely encouraged labor to make an organization drive. This was but a balancing of the new privileges given to employers. They had gained invaluable advantages through the suspension of enforcement of the anti-trust laws and the institution of codes and code authorities which afford self-government to industry. For the most part labor is not represented on the code authorities. On all but a few of them it has only advisory members. This fact has been regarded by many as *prima facie* evidence of unfairness and as weighting the scales against labor. It should be remembered, however, that this exclusion from code authorities, provided labor is free to exercise its full economic power, is not an unmixed disadvan-

tage. It puts the responsibility for policy on employers' shoulders and leaves labor free to "take it or leave it." This is not democracy, but it is in accord with a philosophy of power which employers have in general held. In any case, labor is confronted with the plain fact that the new law defines rights only and does not confer power. The power must come from its own arm.

THE NEW STRATEGIC POSITION OF LABOR

But all these considerations are in the realm of defining labor's status as an "interest group" in our complex society. Of equal or greater importance is the relation of labor action to the economic aims of the recovery program. We have seen that, whether looked at from the point of view of recovery or reform, the crux of the whole matter is the redistribution of purchasing power. The most influential factors in this connection are wages and hours of work. We live under a régime which is governed by the play of counter forces. However the "institutional" economists may criticize the "supply and demand" theory as an adequate governor for the industrial machine, they all recognize that it operates in a very potent way. Indeed, the humanizing of economics comes about by bringing new determinants to bear on these basic forces of supply and demand. Considering labor as a commodity, its price (wage), according to traditional economic theory, is limited at the bottom by the cost of production—that is to say, the amount necessary to maintain it with reasonable efficiency. Hence anything that raises labor's standard of living lifts the level below which it will not willingly perform efficient

work. In orthodox economic terms this means that the supply of labor on a given wage level is limited by a cultural force. When an upward trend in living standards is reinforced by a movement, the labor supply is measurably controlled and the price of labor is correspondingly advanced.

So much for the mechanics of the matter. Employers in general agree as to what happens but they regard all this as a mischievous interference with the operation of economic law. A liberal economic theory sees in it simply the introduction of normal human factors into the play of recognized forces. The significance of this economic rôle of labor is clear when it is remembered that an indispensable factor in recovery, according to the analysis we have given, which is accepted by the Administration and widely endorsed by economists, is the raising of wages and a wider distribution of work through the shortening of hours. Thus the most vital factors in the situation are those which are at the heart of labor union philosophy and tactics, and labor becomes a strategic element in the economic régime. It is for this reason that the Federal Council of the Churches of Christ in America in its statement on the national recovery program called attention particularly to the place given by law and policy under the present régime to the labor movement. With a true insight into the ethical significance of economic forces the Catholic Church has long championed organized labor for the rôle it potentially plays in an economic order based on private property. Protestant thinking has lagged in this respect. Generally speaking, we have remained neutral in an important battle.

LABOR'S INVENTORY

In the present situation labor takes inventory and finds both gains and losses. Undeniably the labor provision in the Recovery Law and such endorsement as the Recovery Administration has given to labor (of which more will be said later) have been a great stimulus to labor organization. The Secretary of the American Federation of Labor reported in October, 1934, that over 800,000 dues-paying members have been admitted during the year ending August, 1934. This brings the total of paid-up members to over 2,926,000, or about the same as in 1929. However, there are many thousands of unionists who have been excused from the payment of dues because of unemployment, sickness, etc. The executive council of the A. F. of L. puts the total union membership at 5,650,000. They estimate that union membership would be 12,000,000 if those who have voted for unions in elections under government boards were included. Not only so, but the stimulus given by the NRA to labor organization in certain industries has worked little revolutions here and there which have gone almost unnoticed by those who were preoccupied with the fortunes of a conjectural big revolution. The outlawing of child labor in the textile industry, the war on sweatshops in the garment industry, "equal pay" to women for comparable work (in three-fourths of the codes), the extension of union influence in coal mining, the new organization drive in the automobile industry—these and other developments bear testimony to an improvement in labor status as gauged by the usual measures.

Over against these very substantial gains there are some very dark features in the labor picture. The issue of trade unions *vs.* industrial—now called “vertical”—unions is becoming crucial. This is symptomatic of a clash of economic philosophies. A vigorous and impatient drive of “rank-and-file” groups is challenging the old conservative union leadership. This movement is being fanned into the flames of insurrection here and there throughout the country by radical groups—a factor which enables employing interests to deflect attention from the basic economic issues and proclaim the imminence of revolution. Old-line labor leadership finds itself between the devil and the deep blue sea. Every concession to left-wing elements consolidates conservative opposition and makes administration support and the backing of public opinion more precarious. On the other hand, every attempt to stabilize the industrial situation by making agreements and accepting settlements on a relatively conservative basis gives impetus to insurrection within the ranks. The stage is set for rapid growth of labor organization on an industrial basis. But at this point another menace to unionism appears.

THE COMPANY UNION MENACE

The biggest cloud on labor’s horizon is the company union. It has been a familiar feature of the industrial situation for many years. The nation-wide open-shop campaign which followed the War and so nearly succeeded in its purpose to liquidate the labor movement was marked by a growth of employe-representation plans. Some of them were genuine attempts to share

management within a plant or an industrial corporation. Others (and there is reason to believe they were in the majority) had as their major purpose to forestall attempts at unionization. The passage of the NIRA was a signal for a new drive for company unionization as a means of complying with the law while at the same time evading the law's intent. The situation resulting from this effort is serious for organized labor.

The company union is a menace to labor in a number of ways, some of them obvious and some subtle. It gives certain privileges that workers do not have in a no-conference industry, particularly in the matter of settling grievances of an individual character. Industrial psychologists have been quick to recognize how large a part these personal grievances play and a shrewd management soon discovers that a considerable measure of good-will may be had at a relatively small sacrifice of strategic advantage. The company union has no dues and the workers are reminded that they have benefits without paying for them as they would have to do as members of labor unions. More subtle is the influence upon a small group of natural leaders of being made committee members, with more or less time free from the routine of their jobs and, in addition, the privilege of hobnobbing with the management. This last factor may be counted on by the management in a real emergency to absorb the shock of discovery that no significant power is conferred by this type of organization. In the important matters of wages and hours of work, the company union may have some influence but no real power.

There are, of course, certain potentialities in the

company union. In a large concern they may develop economic power if through intelligent leadership they come to a common mind and purpose with reference to important issues. A company union may even strike. Indeed, recognition of this fact by management has retarded the development of employe-representation plans. The most conservative managements do not want company unions, even though under pressure of government or the threat of unionization they may seek to further them. The reactionary employer wants to keep things in his own hands. He is afraid of "starting something" that it will embarrass him to finish. But as the lines of economic interest come to be more sharply drawn and as cleavages run deeper, the company union has less potential value and more menace for labor. In the last analysis, although a union never strikes for the fun of it and good unions shun strikes unless a great deal is at stake, nevertheless industry is still in a period that puts a premium on potential force. With the company union, the management need never lie awake at night over the threat of strike: the organization has no treasury, and no affiliations that would bring it resources in a struggle.

THE COMPANY UNION AT ITS BEST

It is not to be denied that an intra-plant organization for negotiation of agreements has certain advantages. Labor unions do suffer from rackets, from autocratic leadership, and from wooden procedures. In a small plant, where enlightened management is in charge, a truly fraternal relationship may obtain, which is productive of definite values. But preoccupation with these

matters throws well-intentioned people off the track. The basic issues are economic and the only way which experience shows to be adequate for meeting them is a reasonable equalization of bargaining power. Measured by this yardstick the company union rates not far from zero. What exceptions there are only serve to emphasize the rule.

A depressing illustration of what status really amounts to when it is held as a gift from management has been furnished in the last year or two by a concern which had attracted wide attention for its democratic procedures. Here an undoubtedly socially minded management with a keen appreciation of spiritual values in industrial fellowship had created something that was in itself significant. But the economic factors were too strong. When a "showdown" came, power that had been bestowed with a flourish was taken back by the hands in which it was legally vested and the management began to follow the familiar pattern of belligerency with talk of "radical agitators," sharp recrimination, and arbitrary dismissals. Every industrial concern, no matter how small, is subject to economic factors which are nation-wide or world-wide. Its labor "force" is helpless, both financially and morally, unless it is part of a league of common interest that is reasonably commensurate with the forces that it confronts in a crudely competitive society. If it be objected that this is not a Christian view of the matter, the obvious reply is that as long as society is so largely based—by the vote of Christians as well as non-Christians—on competitive struggle Christianity must have hard sledding.

Wherever a management puts forward the merits

of a company organization—and the sincerity of spokesmen for the management which have sponsored such plans is not in question—the standard test should be the according of absolute freedom to the workers, without any sort of intimidation, to join a union or not and be represented by whomever they choose. If the workers themselves say “company union,” that must settle it; but how often do they have freedom to speak? President Green has thus described the tactics of employers in the present emergency:

“As the Pharaoh of the Jewish bondage in Egypt, when the horror of the various plagues had passed, hardened his heart against the persistent plea of Moses—‘Free my people’—employers, feeling the danger of economic collapse was passing, began planning how to get around the law, to prevent workers from using their right to organize in free trade unions and to bargain collectively.” (*New York Times*, August 12, 1934.) A fair judge can find little fault with this characterization.

With this situation in mind the Federal Council of Churches declared on June 29, 1934: “The reasons for labor’s insistence upon a broad basis of organization and upon representation of the workers by persons chosen and paid by themselves are too plain for argument. They are precisely the same reasons that impel employers to organize and to secure the ablest representatives of their own interests, chosen and paid by themselves.”

THE AUTOMOBILE AGREEMENT

It is for this reason that liberals as well as labor leaders have criticized so severely such settlements as

that affected in March, 1934, through the President's personal influence, in the automobile industry. It is pointed out that when the employer may maintain a company union which has representation on a proportional basis a great advantage is placed in his hands. The original terms of the Wagner bill made a frontal attack on this practical problem which faces organized labor by seeking to outlaw the company union. It was too strong medicine, in the judgment of the Administration, to make industry take. The fortunes of all such efforts to fortify labor's position and to interpret and enforce existing legislation in its interest should make it increasingly clear that beyond the prescription of rights labor can gain advantage only by strengthening its own organization. And where unfair inhibitions are removed the cumulative force of organization effort soon manifests itself.

The experience of organizers in the automobile industry is illuminating. As reported in the *American Federationist* (A. F. of L. organ) for July, 1934, the efforts to organize and to establish a basis of negotiation have achieved substantial results. In spite of the widespread condemnation visited upon the automobile agreement on the ground that it "sold out" labor to the industry, the results to date are impressive and should be instructive to labor. Prior to the NRA régime, union members were generally excluded from the major plants. Overtures for negotiation with the companies were refused. Under the ægis of the Automobile Labor Board, the chairman of which is Dr. Leo Wolman, long connected with the Amalgamated Clothing Workers, processes have been initiated all along the

line which afford virtual, if not actual, recognition. In plant after plant substantial gains for labor have been recorded. Indeed, it is a fair question if the President's terms of settlement did not advance the cause of organized labor faster than would have been accomplished by an attempt, at that stage, to force contractual relations on the industry. The automobile agreement included this clause: "The government makes it clear that it favors no particular union or particular form of employe organization or representation. The government's only duty is to secure absolute and uninfluenced freedom of choice without coercion, restraint, or intimidation from any source." It is doubtful if in the existing situation, with union membership still a small minority of the workers and very greatly exceeded in numbers by organizations of the company type, government can be expected to do more. Again, the crux of the matter is the strengthening of the union through extended organization.

THE REAL TEST

At this point, however, it is important to note that even the task of government—shall we call it an umpire's function?—has only recently been made possible on an adequate scale. The one way which experience shows to be adequate to test democratically the will of employes as to how they wish to be represented is by an election under neutral auspices. The reports of industrial management that they have ascertained this by a canvass are obviously naïve or worse. With jobs as precious as they now are and experience with foremen in the matter of carrying a union card as pain-

fully instructive as it has been for years, testimony collected directly by management is worse than useless. In the automobile settlement a compromise was agreed upon which is cumbersome at best. The necessary implementation was given to Administration policy by the joint resolution passed by Congress under presidential pressure and signed on June 19, 1934. The new National Labor Relations Board and any other board created pursuant to this resolution has power to hold elections for the purpose of determining the basis of representation.

MAJORITY RULE?

This leaves open, of course, the question of majority representation. If the majority rule should be applied all minority "rank-and-file" elements would have to subside and accept the leadership of the regular unions. This is a left-wing objection, which, paradoxically enough, the much maligned automobile agreement met. On the other hand, the objection from the right wing is that majority rule, where unionization has gone forward rapidly, would mean the closed shop. It is true that most of the unions favor the closed-shop principle. The President in an executive order creating the Steel Labor Relations Board definitely laid down the majority principle, but, as Professor Herman Feldman has pointed out in a discriminating article, the authority for such action does not appear in the Joint Resolution of June, 1934, and has not been given to the National Labor Relations Board. This vital issue, as he says, is left "wide open."¹

¹ *New York Times*, July 22, 1934.

However, the National Labor Relations Board, in the case of the Houde Engineering Corporation, which manufactures automobiles, laid down the principle of majority representation, holding that the company must treat with the Automobile Workers' Union as representing their employes. The Board held that, in general, "when a person, committee, or organization has been designated by the majority of employes in a plant or other appropriate unit for collective bargaining, it is the right of the representative so designated to be treated by the employer as the exclusive collective bargaining agency of all employes in the unit, and the employer's duty to make every reasonable effort, when requested, to arrive with this representative at a collective agreement covering terms of employment of all such employes."

Thus the National Labor Relations Board seems bent upon fully implementing Section 7a in the National Industrial Recovery Act.

An ethical issue lies deeply embedded here. If we are moving, as this whole discussion assumes, toward a more collectivist social order, increasing responsibility will have to be borne and increasing power exercised by functional groups unless we are to have outright statism. It is a fair question if labor should not be made responsible, under government supervision, for initiating workers into any trade or industrial occupation and sponsoring their labor. This would be but an extension of the principle now operating in law, medicine, the ministry, the nursing profession, and elsewhere through professional associations. The preferential shop rule so long maintained in the clothing

industry embodies this principle by giving the union the right to fill every vacancy as long as it can supply competent workers to meet the needs of the industry.

IN A NUTSHELL

Thus the stage is set for a drama that is likely to have great significance for the future economic history of America. It puts a heavy responsibility upon labor, upon industrial management, and upon the government. To the public, the great ultimate arbiter of all social issues in a democracy, it presents a challenge not only to be "fair" but to be intelligently realistic in relation to the essentially new rôle that labor must play in a surplus economy. The labor problem is everybody's problem. It is both economic and ethical, as our national problems increasingly are. The bearing of radical movements and ideals on the status of labor will be considered later.

CHAPTER VI

THE FARMER AND THE NATION

THE sketch of the economic system in Chapter II included no details of the agricultural situation, which require special attention. The position of agriculture in the economic order is one of unique importance and is as yet little understood, although the recovery program has thrown it into sharp relief.

It must be remembered that the farmer who owns his farm is ordinarily an investor, a manager, and a laborer. Even tenant farmers frequently own the tools, equipment, and work animals with which they operate. In addition to the owner farmer and the tenant farmer there is a little-known, neglected agricultural labor class. This group becomes very important where agriculture has been industrialized. Thus the farm problem has several distinct aspects.

The agricultural enterprise is subject to the same cycles and violent changes in prices which, as we have seen, characterized the economic system as a whole. It is related to the entire credit organization and is sharply affected by international trade. Hence the political influence of the farm group and the rural community is often very great. Rural interests often come into conflict with those of urban industry and urban labor. Thus we have frequently in our national history had the agricultural West and South arrayed against the industrial East. On the other hand, or-

ganized farm groups have sometimes coöperated with urban labor and industry.

As we have already noted, ever since the World War, agriculture in this country has been poorly adjusted to the total economic situation, domestic and international. The pre-war era of 1910-14 has been called by farm leaders and many farm economists the "golden age" of American agriculture. At that time agriculture had attained what is recalled as a wholesome degree of equilibrium in relation to its great urban markets. The farmer could buy manufactured goods at satisfactory prices. The World War, which made America a granary for Europe, brought high prices and a tremendous expansion of the agricultural acreage for many crops. Then came a sharp reaction. Agriculture received a blow in the depression of 1921 from which it has never recovered. Thus, the extreme deflation of 1929-33 was merely an accentuation of the post-war burden of the farmers.

RECENT TRENDS AND DIFFICULTIES

The present disadvantageous position of the farm population can be accounted for only by reference to many distinct factors. Some of the most important will be given brief mention.

Loss of Foreign Markets

Here we have one of the most significant trends. Between 1920 and 1930 one acre out of every six or seven cultivated was used to produce crops for export. It has been commonly said that agriculture is an "export industry." We have exported large quantities of

cotton, wheat, meat, tobacco, and other important products. In 1934 those markets are of meager proportions, except the one for cotton. Our agricultural export trade began declining before the World War. The war only temporarily reversed a long-time trend, which was later resumed with aggravated effect.

Difficulty of Controlling Production

Production control is not a novelty introduced by the AAA. With foreign markets evaporating, excess production, with reference to effective demand in the domestic market, became a painful fact and many efforts were made to limit it. But the tendency toward concentration, so conspicuous in urban industry, has been inconsiderable in agriculture, and control presents enormous difficulties. There are over six million producing units in agriculture. In spite of the development of "corporation farming" the family-sized farm has persisted, and is able to compete with the large-scale farm. Poultry, for example, is raised on a very large proportion of the farms of the nation, in spite of tendencies toward specialization. With livestock and produce being raised on millions of farms and the output expanded or reduced at will in accord with individual guesses about the market—to say nothing of the caprice of weather and the constant menace of drought—the obstacles to control are all but insuperable.

Increased Distribution and Transportation Costs

As compared with the pre-war years, it now costs much more to produce marketable farm products and get them into consumers' hands. Consumers have in

many cases raised their standards, as in the case of milk. More and more they are demanding not only that milk be pasteurized, but that cows be tuberculin-tested. City health departments have raised the sanitation requirements, and make periodic inspections of all farms which ship milk to the cities. Railroad rates did not drop during the depression of 1929-33, even though wheat went to the lowest prices in forty years. Several years ago it was found that it cost as much to deliver fruits and vegetables from Jersey City to the consumers of New York City—i.e., across the Hudson River and through the various handling processes—as it did to transport those fruits and vegetables fifteen hundred miles, and to pay the farmers for producing them! This is but one example of the handicaps of the agricultural shipper.

Increased Overhead Costs of Production

Meanwhile, the fixed charges of farm operation, mainly in the form of taxes and debts, have become relatively high. In 1910 the farm mortgage debt of the country was equal to one-half of the gross cash income of the farmers, whereas in 1932 it was almost double their annual gross cash income. (We shall return to the debt problem later.) As for taxes, many studies have shown that farmers have been paying heavier taxes in relation to income than any other large economic group. This is because of our antiquated state and local tax systems, which come down but little changed from Colonial days, and which now put too great a levy on property. The following index of the relative burden of farm taxes, published by the Bureau

of Agricultural Economics of the U. S. Department of Agriculture, gives an idea of what has been happening.

Index of Taxes Per Acre of Farm Property
(1913=100)

Year	
1914.....	101
1919.....	172
1924.....	228
1929.....	241
1932.....	189

Although the tax rate fell considerably between 1929 and 1932 (the latest year for which comprehensive figures are available), the average value of farm real estate declined at a greater rate, and farm income still more rapidly, so that taxes in relation to income had actually increased instead of decreased.

So serious has the farm tax situation become that the Research Committee on Social Trends appointed by President Hoover reported in January, 1933, that there was a new and large public domain in the United States. It was made up of the scattered lands lost by farmers who could not pay their taxes, and held by local governments because there were no buyers.

THE INCOMES OF FARMERS

For financial data we must turn to the United States Department of Agriculture, which is the largest research agency in the world. It makes available year by year a large volume of pertinent facts concerning practically all matters agricultural. Among its regular reports is one issued annually for over six thousand representative farms operated by their owners, on the net returns

from farming. The following table gives the figures at two-year intervals for the period 1925-1933.

AVERAGE NET RETURNS FROM FARM OPERATIONS					
<i>Item</i>	<i>1925</i>	<i>1927</i>	<i>1929</i>	<i>1931</i>	<i>1933</i>
Receipts	\$2,551	\$2,505	\$2,669	\$1,549	\$1,222
Farm expenses (excluding interest)	1,477	1,457	1,572	1,091	807
Receipts less outlay.....	1,074	1,048	1,097	458	415
Increase or decrease of inventory	+223	+242	+201	-304	+101
Result	1,297	1,290	1,298	154	516
Less interest paid.....	225	201	199	196	160
Net return	\$1,072	\$1,089	\$1,099	-\$42	\$356

Obviously, very low living standards have prevailed since 1929. The figures for 1933 show a considerable improvement over those for 1931. The "net return" is the amount that farmers have had available for family living, after operating expenses were deducted. This figure must be corrected, of course, by the amount of "subsistence" from the farm, in the form of food, fuel, water, use of house, etc. A comprehensive study for the year 1923—the only one of its kind ever made—indicates that "living from the farm" amounted, on an average, to the equivalent of over \$600 and was equal to about 40 per cent of the total family living expenses. This is an important item, but it must be noted that family food and fuel are not obtained without labor and expense on the part of the farmer. Gardens require fertilizer, seed, and attention. And even when this subsistence figure is added, the net return from farming is seen to be very low.

During the entire post-war period, the farmers received about 10 per cent or less of the national money income each year, while in the years immediately preceding the war, they had received 20 per cent of the national money income. Allowance must, it is true, be made for the fact that in pre-war years a larger proportion of the population was engaged in agriculture than in recent years, but it seems safe to say that to regain its pre-war status, agriculture would have to receive about 16 or 17 per cent of the national money income. This is one of the most important facts of the agricultural situation. It is a measure of the social deficit of agriculture and shows the substantial basis of rural-urban conflict.

THE FARM POPULATION

More people are living on the farms of this nation than at any previous time in our history. Behind that statement lies an interesting story. Between the years 1910 and 1930 the farm population suffered a net loss of about two million persons. The farm group was then the only one in the nation's population that was declining. But after 1930, according to the annual estimates of the Division of Rural Life of the Department of Agriculture, the farm population started gaining again until within two years it had more than regained this loss. In 1933 there was a further, though moderate increase.

The movements of population from and to the farms have been among the most conspicuous migrations of modern times. It has been a continuous two-way move-

ment. Between 1910 and 1930 more people left farms than returned to them, but since 1930 more people have returned to farms than have left them.

What has been the net result? This migration has reduced city relief burdens, but has been of little, if any, assistance to rural communities. Some of the migrants are simply living with relatives until, as they think, the storm will blow over. Others have taken up abandoned farms, where, of course, both land and buildings are the poorest. And poor land, according to a study once made by C. J. Galpin, of the United States Department of Agriculture, is one of the main reasons why 40 per cent of our farm population had very low living standards. Others of these migrants have simply "squatted" on farms, where they have no security and no future. Still others have used their savings to begin actual farming or even to purchase farms.

Farmers as a rule are skeptical about efforts to revive subsistence farming for industrial workers or to encourage them to engage in part-time farming. The reason is clear. There is plainly no need for a larger farm population. Under ordinary conditions, plenty of food for the nation can be produced by its farms. Technological advance affects agriculture as well as industry. The average farm worker can produce twice as much as was possible fifty years ago. Given the signal, our farmers can easily increase production under average conditions. To be sure, the aim of subsistence farming is to meet an emergency among non-rural populations. But even such emergency planning must take into account that the result will be to take urban dwellers who become subsistence farmers out of the

market for agricultural products and thus decrease the income of farmers who produce for the city market.

TENANTRY

Somewhat more than 40 per cent of the farms in America were operated by tenants, according to the 1930 census. Between 1920 and 1930 the proportion of tenantry increased slightly, and unevenly. The social significance of tenantry is a question about which opinions differ. To many, absentee landlordism in agriculture is a positive and unmitigated evil. But many country dwellers say that they would rather rent than own farm property, and jokes are current about instances of tenants who are better off than owners. And frequently tenants *are* better off than debt-ridden owners, whose plight is often pitiful.

Certainly the tenant is not so stable a factor in the population as the owner. Studies in this field often show that owners support churches, school activities, recreation and health work more enthusiastically and more dependably than do tenants. The latter tend to become rovers. Indeed, one of the chief evils of tenantry is that it has made for higher mobility of the population. This is particularly true among the Negroes of the South. That this is not a necessary result is evidenced by the fact that in some countries (England, for example) there is a high proportion of tenantry with but little moving about. The simple fact is that both our local institutions and our state laws neglect the tenant. He has few legal rights, North or South, and he usually does not know what rights he has. Frequently, the law does not safeguard his moral claim to

the value of such improvements as he makes on property, and, deprived of a reasonable incentive, he chooses not to make them.

EDUCATION AND SOCIAL SERVICES

By all known tests, what is sometimes called the "social income" of the rural communities is lower than that of our urban communities. This seems to have been the case among practically all peoples. Broadly speaking, distance from the centers of population measures social and cultural handicap. If America can evolve a "social plan" to cure this evil, it will be something new in the history of the world.

Public education in rural areas is less adequate than in urban areas. For one thing, a city usually offers the same type of education in one section as in another, whereas in the typical county various grades of educational facilities may be found in the adjoining townships, boroughs and districts. Furthermore, surveys show that rural schools have suffered more during the recent depression than city schools. In the cities, to be sure, budgets have been reduced and school services have been eliminated at the very time when demands were increasing, but the rural areas furnish the most numerous illustrations of unpaid teachers, of shortened terms, and of closed schools. At one time in 1933, it was conservatively estimated by the National Education Association that in two thousand rural school districts the schools were closed. Here and there, four-month school terms seem again to have become the rule.

When it comes to public library services, the picture is worse. About 85 per cent of the rural population,

that is, those living in the open country and in places having up to 2,500 people, do not have access to local public libraries. This reverses the urban figures: about 85 per cent of city-dwellers are provided with some sort of service. Again, two-thirds of the rural counties of the United States have not had any permanently organized social work, although they now have unemployment relief services of some sort. Less than one-fifth of our rural counties have a public health department with full-time personnel. In contrast to this, the average city takes its health department for granted. It has been shown over and over again that physical defects run high among the rural population, and that in spite of fresh air, sunlight, and freedom from congestion, health facilities are just about as much needed as in cities.

In consequence of all this, opinion is growing that the only way to improve social income on the countryside is through federal grants-in-aid. The federal taxing power can correct the balance. The existing situation not only violates humanity but obstructs economic recovery by keeping millions of families out of the market for material and cultural goods.

The educational aspect of this problem is perhaps the most serious. In twenty states there are equalization funds by which the more fortunate school districts assist the less fortunate in maintaining standards. In some way such equalization must be brought about.

FORCES AT WORK FOR IMPROVEMENT

Prominent among the forces at work for economic improvement are coöperative associations for buying

and selling. A struggle is going on within the farm population to make a transition from individualistic to more coöperative ways of living. At the present time about one-third of the farmers of the United States are members of at least one coöperative association for buying or selling. There are over 11,000 such associations in the country. During the period 1920-30, marketing coöperatives were to the fore and were developed rapidly. The depression has apparently shifted the emphasis to purchasing. A recent report of the Farm Credit Administration indicates that there are now over 1,600 purchasing associations having over 500,000 members. This development furnishes striking illustration of the transition to a "consumer economy." In 1913 there were only 111 such organizations. The Land O' Lakes Association of Minnesota, a federation of local dairy coöperatives, which markets the products of over 400 creameries, is an outstanding example. The building of coöperatives that will endure is a long slow process.

Ironically, the economic plight of the farmers is in no small part the result of education! The U. S. Agricultural Extension Service, which is the largest adult education agency in America, having 6,000 professional workers employed on a full-time schedule in state colleges of agriculture and as county agents, has educated the farmers to produce. The success of this effort is now one of the government's embarrassments. But the Extension Service is a great resource, actually and potentially, for the task of educating the farmer for successful living in an economy of plenty. This does not mean that the ability to produce efficiently must be unlearned, for we must look forward to the time when,

the present imbalance between production and consumption corrected, we shall be able to produce for the markets of the world whatever our lands are peculiarly well suited to grow. But from now on the cultural aims of rural education will presumably bulk larger in the program of the Agricultural Extension Service and other agencies.

The Agricultural Adjustment Administration is the most vigorous effort ever undertaken in the United States to secure economic equality for agriculture. Its purpose is to restore the price relationships which obtained between agriculture and urban industry in the years 1910-14. There are two main methods: (1) the levying of taxes on processors of certain crops called "basic," for the purpose of paying benefits to farmers who, by contract with the Secretary of Agriculture, undertake to control production in accord with a stated plan; (2) the negotiation of marketing agreements with reference to any crop in the country, between farm producers and the buyers of the product, so as to achieve price control or stability. The several crops have been handled differently.¹ For cotton and certain forms of tobacco, compulsory coöperative marketing plans were enacted into law in 1934. This kind of legislation is a new departure in the United States, but it must be remembered that the Agricultural Adjustment Plan is an emergency one. It can be terminated whenever the President or Congress regards the price emergency as ended. At best, it is simply a crude beginning of planning for agriculture—an effort on behalf of the

For details of this arrangement see *Must the Nation Plan?* by Benson Y. Landis, Chapter II, "Agricultural Adventures."

farm community to strike a better balance between production and effective demand.

It is difficult to appraise results, particularly since the great drought of 1934 was a large factor in reducing agricultural production. Farm prices were advancing during 1933 and 1934, but so were other prices. The products termed "basic" in the Agricultural Adjustment Act have apparently made the most rapid advances. To achieve the result sought, farm prices must advance more rapidly than other prices, so as to improve farm purchasing power.

The Farm Credit Administration, established in 1933, represents a consolidation and enlargement of previous federal farm credit agencies. It has been engaged in the tremendous task of refinancing about one-fourth of the farm mortgage debt, which recently reached a total of about \$8,000,000,000. This does not include the short-term debt amounting to about \$4,000,000,000. Up to 1933, the Federal Land Banks and the Federal Joint Stock Land Banks had held about one-fourth of the long-term debt. In 1934 over 70 per cent of the recorded farm mortgages were being financed by public funds. The financing of agriculture, which up to twenty years ago had been a wholly private enterprise, was rapidly becoming a public function.

No account of resources for betterment in rural life is complete without reference to the churches, Protestant and Catholic. They have furnished much of the trained leadership, have conducted significant researches, and have developed some impressive educational programs. Through inter-church conferences and surveys, summer training courses in theological

seminaries, the programs of the Town and Country Committee of the Home Missions Council, and the Church Conference of Social Work, a distinctive contribution is being made to the enrichment of rural life. Mostly, this effort is being made with full recognition that the problems of rural America are basically economic and demand fundamental treatment.

A COMMON STAKE

Agriculture is forcing itself upon the attention of the urban population. The great drought of 1934, and the AAA program, have seen to that.

In spite of all the conflicts of interest, it is becoming plainer every day that city and country are economically bound together as if by bonds of steel. One cannot prosper without the other. The AAA program, criticized though it is by both conservatives and radicals, is the first attempt on a large scale and in terms of public policy to substitute rational adjustment for the old régime of rural-urban competition with all the cultural losses and moral delinquencies that it entails. Agriculture is the symbol of our common dependence on Mother Earth and the instrument through which our common sustenance is drawn. Urban industry and farming are but departments, so to speak, of the collective life of the nation. Up to this time the city has used the country as one might use a beast of burden. Even social idealists have for the most part had an exclusively urban outlook. They have championed the cause of labor against capitalist aggression without recognizing that both owners and workers in urban industry might be exploiting the farmer. Professor Arthur

E. Holt of the Chicago Theological Seminary has said: "It is useless to try to maintain the old moralities which emphasize obligations to pay debts and to work hard and save and be frugal, unless we are willing to scrutinize how one part of the population gets another part into debt and to whom the rewards of labor are going." We need a new synthesis of interest, and a new conscience, for the redemption of rural life. The first essentials in this direction are economic stabilization and a group consciousness on the rural side expressing itself in intelligent collective action.

CHAPTER VII

THE CONSUMER AND HIS RESOURCES

PROGRESS toward democracy in an industrial society can take place only as the groups which represent the normal concerns of human life become intelligent, self-conscious social forces pressing their legitimate interests. The interests of various groups can thus be balanced against one another, and out of this process the public interest and a public policy can evolve. If it be taken as basic that the strong should bear the burdens of the weak, it is equally true that the weak become strong only by carrying their own. Broadly speaking no economic or political interest is ever adequately represented in the ordering of our social life unless it is prepared to represent and defend itself. This is not cynical: it springs from what might be called a principle of autonomy. No group is competent to be the guardian of another. And in contemporary society the greatest of all group interests, that of consumers, is still unorganized and but slightly aware of itself. It has still to learn its own weapons and how to use them.

WHO ARE THE CONSUMERS ?

But to say this is to state the situation only partially and imperfectly. After all, consumers are not a group in the sense in which the farmers or the industrial workers are a group. They are not just consumers, but producers as well. Even the mass of milling communists on May Day in New York's Union Square and the

National Association of Manufacturers are consumers. The same people have conflicting and even contradictory interests. As a union garment worker I may contend energetically for high wages and short hours, while the result may be to penalize me as a buyer of clothes. That is just how complicated life is in an industrial society. Not only so, but the wide division of labor splits up the consumer group in a community into so many occupational groups, often antagonistic to one another as producers, that anything like a consumers' "union" is hard even to visualize. As Mr. Gardiner C. Means has said, "the important thing is not to *organize individuals as consumers* but to *organize consumer interest*." In other words, every person has a variety of relationships and functions all of which must find expression. It has been a characteristic of our economy to sharpen the producer interest to the point of clouding the consumer interest. This makes against citizenship, for the consumer function is the economic foundation for all common interest and coöperation. That is to say, it is the consumption of common goods and services that unites people in any community in spite of opposing occupational interests. The Guild Socialists in England have made much of this distinction, proposing a sort of double government which would represent people as producers through their occupational guilds, and as residents in a community (consumers of goods and services) through a political scheme of organization, as at present. Much depends on the balance of these two factors. Mr. Ramsay MacDonald said years ago that it was desirable to emphasize less the occupational functions that divide people and more

the citizenship functions that unite them. This would be pronounced by social radicals naïve or reactionary, yet it is in line with the present shifting of emphasis from producer to consumer interest.

THE CONSUMER'S STAR RISES

It has already been pointed out that this shift of emphasis is inherent in the new economic situation. A deficit economy stresses production; a surplus economy stresses consumption. Whereas in the era just closing capitalism sustained itself by a constantly expanding market abroad and by "dealing in futures" in the expansion of the national industrial plant, in the new order the economic system will have to sustain itself by an intensive cultivation of existing market, whether at home or abroad—that is, by building up consumption. And this is true whether we proceed by a modification of capitalism or by supplanting it. Indeed, in a communist society the consumer interest would be the dominant one, since the battle of labor would, theoretically at least, be won, and business would be absorbed by the state. However the possibilities are viewed, the transition through which we are passing has as a distinguishing mark the elevation of consumer function and interest and this fact has social and spiritual implications of first magnitude. For consumption is the key to cultural development. To regard it as merely an economic, as distinguished from a cultural, function, as a recent writer of note has done, is to lose sight of its chief significance. To consume meat and potatoes, overcoats and shoes would be of little moment if one did not consume art, music, litera-

ture, and religion. But an economic base underlies all this consumption and in large part determines its level. While the producer interest concerns itself with the *relative* status of occupational groups in respect to consumptive capacity, it is the consumer interest—the citizenship interest—that must be counted on to lift the level of the whole population, to provide a good life for every one and, to that end, to iron out conflicts between opposing occupational interests. Consumer consciousness is a social consciousness, focusing attention as it does on the common possessions of our lives and the shared elements of human experience.

THE CONSUMERS' NEW PROBLEM

But this new glory has its price. Professor Robert S. Lynd, chairman of the Committee on Consumers' Standards of the Consumers' Advisory Board of the NRA, which prepared what has come to be known as the Lynd Report, relates a story of a colored man who during the banking crisis paid a visit to his bank and to his dismay found it closed. A neighbor tried sympathetically to explain the situation. "It's closed, Henry," he said. "You know it's bust."

"Yas, I knows it is," he replied, "but it's the first time I ever had a bank bust right squar in mah face!"

This, Professor Lynd remarks, is just the way the consumption problem has burst upon us. Since the economic center of gravity has shifted from production to consumption, the consumer is shorn of an obvious advantage enjoyed in a highly competitive industrial system. This competition was his protection. When the depression brought a general lowering of prices he

gained, as consumer, by a reduction in living costs; but with the inauguration of controls, and particularly of a government-fostered effort to raise prices, the old automatic safeguard was removed. Another way of putting it is that, as consumer, he found his range of choices limited, and began to be, like the producer, dependent for his status on administrative controls. Thus, while he became a central figure in the economic picture and gained much in potential importance, his immediate situation became acutely difficult. That this has been fully recognized at Washington is evidenced by the setting up of devices to protect consumer interest. One of these, the Consumers' Advisory Board, said in March of this year, "As the NRA moves from the phase of code writing to the phase of code administration, the question of securing protection for the consuming public becomes crucial." As Professor Lynd puts it, the Recovery Administration "represents virtually the first official recognition in Washington of the existence of a private consumer problem 'affected', as the lawyers say, 'with public interest.'"¹

Let us look at the problem a little more closely. It was said above that consumer interest is essentially socializing. At the same time it may express itself in anti-social ways, as in the case of a basic commodity like bread, which every one wants as cheaply as possible. A current writer reminds us that a rise of one cent a loaf to 30,000,000 American families adds nearly \$110,000,000 to the nation's annual bread bill. This bread question has, as Professor Arthur Holt says, ranged the

¹ *Annals of the American Academy of Political and Social Science*, May, 1934, p. 5.

population on opposite sides of a load of wheat. The real cause of the rural-urban conflict which we noted in the last chapter is a clash of consumer interest with producer interest. Obviously, when the people who have much to gain through the low price of a commodity greatly outnumber those whose livelihood is in its production we have the elements of tyranny. Transportation is a case in point. The five-cent subway fare slogan in New York is more potent in municipal affairs than all other arguments put together. The consumer interest is so powerful that it would be practically impossible to have that issue considered on its merits by the electorate.

On the other hand there are industries in which this situation is different. In soft coal, for example, and in steel production, where the buyers are largely railroads and other large corporations, the protective psychology of ultimate consumption is not so manifest. To be sure, the ultimate consumer is affected, but the business corporation is a buffer between him and the coal miners and steel workers, who are less restrained by his demand for low prices than in the case of transportation or staple foods. Thus the problem of balance and control is varied and the consumer is now in danger of being exploited, and now is likely to exploit the workers who produce goods and services. This situation is one of the reasons why, in the new era we have entered upon, government is forced to play so important a rôle. The point to be kept constantly in mind is that the entire task of raising the plane of living and correcting existing discrimination and imbalance is one which rests upon the people as consumers. It is a task

for which they are ill-prepared either intellectually or spiritually.

THE DEARTH OF STANDARDS

The lack of a consumer's yardstick is at the bottom of much of our trouble. The competition upon which consumers have in the past relied to protect them was at best a frail support: in the retail field, to be sure, it undoubtedly tended to keep prices from soaring to oppressive heights, but it gave little or no protection in the matter of quality. Indeed, by its very severity it put a premium on shoddy. The writings of Mr. Stuart Chase and the revelations of Consumers' Research, Inc., have given abundant evidence of this fact. Dr. Paul G. Agnew, secretary of the American Standards Association, has pointed out the prominent part that the NRA has played in bringing this subject to the fore. He quotes an experienced steel executive as saying: "In tracing these difficulties to their sources, we find that 'chiseling' on quality is more frequent and more important in its disruptive influence than is 'chiseling' on price. In other words, executives are finding that to know exactly what it is we are selling is just as important as is the price. This means that standardization has become a tool of major importance both in the control of operations and sales policies and in the elimination of abuses."² There is relatively little in the marketing of consumers' goods in the way of certification, and standards are lacking to

² Agnew, P. G., "The Movement for Standards for Consumer Goods," *The Annals of the American Academy of Political and Social Science*, May, 1934, p. 60.

make it possible. Such protection as is now afforded is impressively exceptional. It is sufficient, however, to illustrate the possibilities. Tuberculin testing of cows, the labeling of beef, poultry, eggs, and butter under inspection control of the U. S. Department of Agriculture, the approval system of the American Medical Association, the "U.S.P." stamp on drug preparations indicating compliance with the United States Pharmacopœia—these and other practices indicate lines of desirable development. At present, the general rule is still—"let the buyer beware." This does not mean that retail business is without ethical standards, but it does mean that where business honor exists it is for the most part in spite of, rather than because of, general standards of production and marketing. Labeling is a wholly untrustworthy device, because there are no uniform regulations and no adequate means of enforcing those that exist. Every effort to develop and impose standards on business is resisted as interference. So completely have we failed thus far to take account of the consumer's interest, which should obviously be paramount.

The National Bureau of Standards, maintained and financed (on a very modest scale) by the federal government, has a certification plan, used largely by tax-supported agencies, whereby the purchaser is assured that the manufacturer is ready to certify that the commodity in question conforms to nationally recognized specifications. This plan is designed particularly to aid contract buyers. A labeling plan has been put forward to aid "over-the-counter" buyers and small consumers in general. This plan would substitute a "self-

identifying, quality-guaranteeing" label for mere brand marks which are in wide use and have acquired a spurious authentic character—spurious because no one can tell precisely what guarantee they afford.

ADVERTISING—ASSET OR LIABILITY ?

We are now the victims—and mostly, it seems, willing victims—of a flood of advertising. Ironically, we tolerate it—even at times welcome it as a convenience—because we have learned to discredit it so thoroughly as not to be too painfully misled. To the press, the bill-boards, the street cars and buses is now added the radio, which gives so much of its broadcasting time to sales talk. We are assured that we may safely drink five cups of coffee daily, provided it is fresh, because "science" has proved it so: therefore, "Buy our dated coffee." There is no doubt about it, Pepsodent is the one tooth-paste and Pepsodent Antiseptic is the life-preserver *par excellence*. "Wheaties," the breakfast food of baseball champions, are guaranteed to make you "feel like a million,"—for doesn't Lefty Whosis so declare over his signature?—and the manufacturer's aim seems to be to make you hear the assertion a million times. Mrs. So-and-So (any society woman will do) is wise in the ways of smokes and will use nothing but these peerless cigarettes—despite the fact that your mouth will feel as fresh as a lily pad all day if you use another brand. Here is a cheese that is "found on every well-set table." And here is a warning that no one should think of dying without seeing in advance "casket No. 2939."

Much of this is so ridiculous as to inspire amuse-

ment more than resentment unless one happens to ask himself who pays for it, or reflects on the subtle influence of repetition and of the association of artistic talent or social prestige with marketing. It is a grand rollicking game aptly characterized by a remark of one celebrated American entertainer to another over the radio: "You drink my coffee and I'll eat your yeast." And this happens in spite of Truth in Advertising campaigns, Better Business Bureaus, the code of the Advertising Federation of America, and the like. The net result of this advertising, aside from the patent social waste, is to make the buyer brand-conscious, so to speak, instead of truly quality-conscious.

The effect of the depression on advertising has been described by Assistant Secretary of Agriculture Tugwell: "As revenues to advertising media declined, and as advertising agencies received smaller and smaller budgets from manufacturers, some of the agencies took on more questionable accounts, poured more and more ballyhoo into their copy, and the advertising media began decreasing their standards, a little at a time. Large publishing houses that had done a great deal to improve the character of national advertising, that had turned down accounts running into hundreds of thousands of dollars annually, began to stretch a point or two to admit advertising filled with questionable innuendo. One of the crusaders for clean advertising found its revenues swelled by running a full-page advertisement which represented an ordinary mouth wash as a preventive for tuberculosis. So the depression reduced standards, and consumers suffered accordingly." As to the apportionment of guilt, he says, "by far the

most flagrant abuses are found in movie magazines, mail-order catalogues, educational and religious journals, cheap fiction or 'pulp' magazines, small dailies, country weeklies, and on small independent stations, as well as in direct mail advertising. This again is probably a matter of competition."³

It would be misleading and unrealistic to overlook values in advertising, particularly in a time when spending has to be promoted. Professor Benjamin R. Andrews of Teachers College, Columbia University, has thus summarized the consumer's gains and losses through advertising: "If sales pressure makes the consumer want more things of a desirable nature and makes him work to get them, it becomes a personal benefit to him; and this consumer, aroused to new needs, may exert more productive effort, which is a social benefit. But in so far as one is going to buy staple goods anyway, the advertising of them is social waste. In so far as advertising is merely competitive, or aims at switching buyers from one brand to another of the same commodity, it is social waste. There is, however, some general value in all advertising, even competitive. Advertising has created the hair-trigger type of buyer's consciousness, the consumer's general awareness of the market and readiness to buy, which is characteristic of the present economy, and this has probably been fundamentally constructive in the stages of development through which we are passing from domestic handicraft to mass production and distribution."⁴

³ *Editor and Publisher*, September 16, 1933.

⁴ *Our Economic Life in the Light of Christian Ideals*, New York, Association Press, 1932, p. 76.

INSTALLMENT SELLING

The difficulty of appraising institutions and practices as to their effect on the consumer is illustrated in the case of installment selling. In essence this is simply a credit system, but without any normal controls. It is impossible to say what relation the aggregate price bears to the present worth of an article, and hence the business concern is enabled to carry on what is equivalent to a book-credit business with arbitrary interest charges. On the other hand, the system has enabled countless persons to furnish homes and farms long before they could otherwise have accomplished it. This kind of credit is as legitimate if properly safeguarded as loans for crop-moving, home building, or any valid business enterprise. The question arises, however, whether the extension of credit and the marketing of goods should not be separate functions. It would seem that the consumer would stand to gain much by the separation.

THE GOVERNMENT AND THE CONSUMER

Reference has already been made to the Consumers' Advisory Board of the NRA. Its aims in relation to code formulation, as described by its executive director, are "toward the establishment of a plane of competition in which the purchaser will, through suitable standards and grades, have an opportunity to know what he is buying, to obtain it at a reasonably competitive price, or, denied that opportunity, be protected by a public regulatory body."⁵ The AAA has its Consumers'

⁵ Statement by Dexter M. Keezer, executive director of the Board, January 6, 1934.

Counsel which, in coöperation with other government agencies, issues a bi-weekly service, the *Consumers' Guide*. As these lines are written word comes from Washington of the creation by the President of a consumers' division of the National Emergency Council, thus opening the way to coördination of the consumers' services in the agricultural and industrial departments of the recovery program. The results should be closely watched.

The ever-present danger is of course that, in the effort toward recovery, prices will go up faster than income and thus the consumer will suffer. A few months ago the executive director of the Consumers' Advisory Board said that prevention of this result was "perhaps the most important test of the program." Since that time the thing has happened, at least to a deplorable extent. The way it has come about is thus described by Dr. Gardiner C. Means: "Either by government permission as sanctioned through codes or by the adoption of unsanctioned methods, industry after industry has further extended the degree of administrative determination of price-control arrangements. These have been used in all too many industries to raise prices to the point where they yield a profit which could be justified only on a very much larger volume of business. In case after case the price charged to the consumer has gone up not only more than the increased purchasing power paid out in production, but to a point which yields a profit on a volume of production representing a scarcity condition. Thus, prices have been increasing faster than the individual worker's wages, and in a fashion to reduce the volume of product

which can be sold.”⁶ This does not mean that the Recovery Program has definitely failed in its objective, but it raises a conspicuous danger signal.

On the other hand, Donald R. Richberg has stated: “It is estimated that total wages in manufacturing industries increased from \$96,000,000 a week in June, 1933, to \$132,000,000 a week in June, 1934, or 37.5 per cent. When this increase of 37.5 per cent is compared with an increased living cost of 9.6 per cent, there remains despite increased cost of living a net increase of 25 per cent in the total purchasing power of manufacturing wage earners.”⁷ Thus, although the individual wage earners, if formerly employed, may be no better off, the increased number of wage earners has considerably increased aggregate purchasing power.

The Lynd Report, already referred to, recommended the establishment of a permanent federal bureau to function as a “consumers’ standards board.” Its duties would be “to coördinate and make available in form for consumer use the existing work of public and private standardizing agencies; to determine the areas of most-needed new work; to designate, after consultation with consumers and industry, the qualities to be considered in testing a given commodity; to arrange with appropriate federal or other laboratories for needed tests; to draw up standards based on the preceding; and to promulgate standards.”

The possibilities in this connection are illustrated in two items in an NRA release:

⁶ Means, Gardiner C., “The Consumer and the New Deal,” *Annals of the American Academy of Political and Social Science*, May, 1934, p. 11.

⁷ *New York Times*, August 27, 1934.

"The Food and Grocery Chain Stores of America, whose members have more than 23,000 stores, and whose private brands of canned goods account for more than 15 per cent of the total American pack, has joined the drive for the adoption of Department of Agriculture standards and more informative labels."

"The Great Atlantic and Pacific Tea Co., the world's largest grocery distributor, with 15,000 outlets, is the first concern to notify the NRA that it will revise its canned food labels to conform to the grades defined by the Department of Agriculture. This company packs or controls the packing of 10 per cent of all canned goods put up in America."

The Tugwell bill, over which there has been much controversy, would considerably extend regulatory control over the food, drug, and cosmetic industries. Its aim is to establish technical standards and grades which the consumer can understand and use for his protection. The indications are that the enactment of legislation looking in this direction is only a matter of time.

PRESENT RESOURCES

In spite of all the defects in standards and practice and the disadvantaged state of the consumer, he is not without weapons of defense. There are first the government recovery agencies noted above, quite imperfect and limited in potency, but giving the consumer a "look-in" on the processes of code making and code enforcement. The chief obstacle to more effective functioning by these agencies is the lack of intelligent, organized consumer pressure. It is probable that legislative and administrative measures will be continu-

ally developed in the immediate future, framed in the consumers' interest—actually, supposedly or ostensibly. Here is a place to use consumer power on the political front.

The urgent need of standards and information gives unique importance to Consumers' Research, Inc. Financed by its users, independent of business and advertising interests (as government bureaus can seldom, if ever, be), the organization analyzes commodities put on the market and grades them. It publishes in its service the names of the brands it does not recommend as well as those it approves. It is not merely a technical information service but an educational agency seeking to improve consumers' standards by making them aware of new factors in commodity merit.

The consumers' coöperative movement is a well-known development of long standing which has thus far appealed but slightly to Americans, though it has made great strides in European countries. It is a form of business the profits of which go to all its members. "In coöperative societies," says James P. Warbasse, foremost American authority on the movement, "a number of people pool their resources to create a centralized fund which shall be adequate to finance the supplying of certain of their needs."⁸ The basic principles, derived from the famous Rochdale experiment, are: (a) one man one vote; (b) a fixed payment for invested capital limited to the legal interest rate; (c) goods or services sold at prevailing rates; (d) profits absorbed by the

⁸ Warbasse, James Peter, "Consumers' Coöperative Methods," *Annals of the American Academy of Political and Social Science*, May, 1934, p. 166.

membership in proportion to patronage; (e) unlimited membership; (f) business, as far as possible, on a cash basis. The movement thus locates itself in the periphery of the competitive struggle. It accepts price levels as fixed by the mechanisms of the market and undertakes to do for the consumer exactly what a regular business would do but without carrying the burden that the necessity to show a substantial profit would lay upon it. Any profit at all (rebate to member-patrons) after expenses are paid spells success. The stockholder is the patron and hence there is no diversity of interest which might lead to exploitation. The Coöperative League of America recently reported 1,498 member societies embracing over 500,000 individual members. There are many other agencies with which the individual may associate himself which it would require too much space to annotate. None of them is adequate or inclusive in itself; none has a panacea; but all have their uses.

THE CONSUMER AND THE GOOD LIFE

As already suggested, consumer action requires consumer education. Action and education are integral parts of one process. For the consumer they spell citizenship. To be a successful consumer from now on requires functioning in a variety of ways on a base as broad as life itself. The relation of consumption to the good life is summarized by Professor Andrews. It means: “(a) to be aware of the diminishing satisfaction in continued consumption of any single commodity, or in any single field of interest, and the renewed satisfaction that comes from variety of consumption; (b) to

get satisfaction also from habitual consumption, from use and custom, from security, from a living that is related wholesomely to the instinctive backgrounds of life; (c) to balance wisely the security and stability of habitual consumption, with the satisfactions from changing, varied, and rich experiences; (d) to study alternatives in consumption; to develop character—to make one's own choices rather than accept as binding choices prescribed by the group; (e) to relate the parts of one's consumption into a harmonious whole which is typically the normal life of the family group lived in active relationships to community and wider groups; (f) to help plan the consumption of groups to which one belongs, and to find pleasure in the consumption of others, members of one's family and friends of the widest brotherhood."⁹

There is no royal road to consumerhood. It is both an intellectual and a spiritual achievement. By a consistent quest of means of expression and by utilization of resources at hand the individual must find his way into this new kingdom which the shift of social and economic forces has brought into view.

⁹ *Our Economic Life in the Light of Christian Ideals*, New York, Association Press, 1932, p. 74.

CHAPTER VIII

SHALL IT BE REVOLUTION ?

IN this chapter we shall consider the major radical proposals for social reconstruction. Fascism has already been discussed in connection with the problem of democracy. True, the sudden adoption of a fascist régime would be revolution; but, as has been pointed out, such an attempt at solution of our social-economic problems would be motivated by a reactionary rather than a revolutionary purpose as the term is commonly understood. Also, with the stage set as it is in America, fascism could come about without the accompaniment of the usual revolutionary scenery. What concerns us here is the effort of truly radical groups to bring about a reconstruction that would alter fundamentally the capitalist basis of society.

First, we shall review the radical positions; then we shall consider what is essentially involved in revolution.

A. THE RADICAL PROGRAMS

1. *Communism*

On every hand we are confronted with the aggressive activities of the communists. They are at once the most annoying and the most inspiring of propagandists. They preach their gospel with all the fervor and conviction of the primitive Christians and with all the intolerance of the Fundamentalists. Before considering their program it will be worth while to try to understand their point of view and their philosophy.

All the communists, whether in the regular party, the so-called Communist Opposition, the Trotsky group (the Communist League of America) or any other faction, base their economic and political theories on the writings of Marx, Engels, and Lenin. Their scriptures are Marx's *Capital*, and *The Communist Manifesto* issued by Marx and Engels in 1848, while their modern "commentary" is contained in the writings of Lenin. Orthodoxy means being in the true Marxian tradition especially as expounded by Lenin, the great strategist of the Russian Revolution. The doctrine, reduced to simple statement, is that history is a drama of material forces in which inevitable conflict goes on between opposites, the conflict ending in the creation of something essentially new. This principle is known as dialectic—a word that has had various meanings in the history of philosophy. Marx was heavily indebted for it to the German philosopher Hegel, whose formula of "becoming"—thesis, antithesis, synthesis—is well known. It served Marx's purpose as a formula for economic evolution. Capital = thesis; proletariat = antithesis, called into being, as it were, by the thesis; a classless society = synthesis.

How far Marx was deterministic in all this is a matter of dispute. Two recent expositors, G. D. H. Cole and Sidney Hook, have represented him to be much less so than most of his followers.¹ He had a good deal of the social evangelist in him and seems to have set as much store by the efficacy of human effort as other

¹ Cole, G. D. H., *What Marx Really Meant*, New York, Alfred A. Knopf, 1934. Hook, Sidney, *Towards the Understanding of Karl Marx*, New York, John Day Company, 1933.

reformers. Both writers are concerned to explain the materialism of Marx and to remove the current confusion that surrounds it. In what sense was Marx materialistic? Not at all in the ordinary sense. Indeed Mr. Cole asks "Why call such a conception 'materialist,' when it in fact embodies the fullest recognition of the conscious determining power of mind?" The reason why he called his theory of history "materialist" was that he wanted to "mark it off sharply from the metaphysical idealism of Hegel and his followers." It would be more accurate to call Marx's theory "realistic" than "materialistic." He leaves ample scope for "the constructive influence of the minds of men." He was concerned to make men understand the material framework which conditioned their lives in order that they might control their environment. To this extent he was determinist, but in no sense fatalist.

"Marx's own life," says Mr. Hook, "with its ostracism, grinding poverty, refusal to compromise truth and revolutionary honor, is an illustration of what his ethical values were. He was surer that there were some things that a human being ought to do than he was that those things would bring pleasure and not pain." It is probably fair to say that the materialism of Marx, and of Lenin as well, was no more than what would result inevitably from a very positive philosophy of history coupled with the conviction that human destiny is bound up with the material framework of man's life.

Lenin himself, however, adheres to the more "orthodox" interpretation of Marx and communists in general regard the writers quoted above as "revisionist." Lenin says that Marx "deduces the inevitability of the trans-

formation of capitalist society into socialist society wholly and exclusively from the economic law of the movement of contemporary society. . . . The intellectual and moral driving force of this transformation is the proletariat, the physical carrier trained by capitalism itself. The contest of the proletariat with the bourgeoisie, assuming various forms which grow continually richer in content, inevitably becomes a political struggle aiming at the conquest of political power by the proletariat ('the dictatorship of the proletariat'). . ."²

THE PROLETARIAN STRUGGLE

The most distinctive features of the communist philosophy are the belief in the essential rôle of the proletariat—a sort of messianic class, which alone can work out the salvation of the race—and the insistence upon the creative character of class struggle. By this last term Marx and his followers mean much more than the contest, which is obvious to any one, going on between capital and labor. That contest is characterized by frequent truces and by the pursuit of a *modus vivendi* in the form of trade agreements, and for the most part is carried on by people who share a belief in the capitalist order. The communist regards all such labor efforts as of only incidental value at best, and he rejects whatever smacks of "class collaboration." That is to say, winning a labor objective has significance only as furnishing an opportunity for the working class to consolidate its gains for a fresh attack on the system.

² Lenin, V. I., *The Teachings of Karl Marx*, New York, International Publishers, 1930, p. 29.

COMMUNIST ETHICS

The general complaint of liberals and trade unionists against the communists is that they have no sense of fair play—they have no “principles.” Now this is far from the truth of the matter, as a little reflection will show. That devotion to an ideal and readiness to sacrifice for it are conspicuous traits of the communists any one who has seen them in action must admit. The important point is their premises. To the communist, society is a battlefield and will be until the working class takes possession of government. The struggle is endless. He sees capitalist nations going to war with each other for the most unjustifiable ends and declaring a moratorium on morals while they fight. They lie and steal, commit treachery and murder, and even ministers of religion support the wars they carry on in this utterly non-moral way. If governments justify such practices on the ground of necessity when prosecuting imperialist wars how can the communists be condemned for regarding all the “bourgeois” virtues as subject to suspension while the one great war that matters—as they see it—goes on without interruption? This issue has been sharply drawn by the recent effort by communists, socialists, and others to form a “united front” against war. The League Against War and Fascism has been the principal instrument of this effort. The socialists complain bitterly that the communists have not played fair, that they have tried to use their allies for their own ends. However, the communist philosophy has been stated clearly enough. The so-called Communist Opposition (which differs from the Communist Inter-

national only in matters of strategy, not in allegiance to Marx as they understand him) explains the united front position thus: "The application of the tactics of the united front requires the setting up of such partial demands and revolutionary transition slogans, corresponding to the necessities and the understanding of the working class at the particular moment; it requires the spread of these slogans, worked out with the greatest care, among the masses of the proletariat and the toiling people. The agitation and propaganda of slogans of action must always be connected up with the propaganda of the fundamentals and aims of communism. The objective of tactics of the united front is to break the ideological, political and, ultimately, organizational hold of reformism, etc., over the workers and to win them for communism on the basis of their experiences of struggle."³ This is frank enough, and those who join the united front should expect nothing that is not consistent with it.

For a communist, the sole question that can arise is, "What will be the net result of this action on the fortunes of the party and the proletarian struggle?" Any other consideration would be irrelevant. For him the party represents a moral end as truly as the nation does in the mind of a patriot. If one may be a spy for his country, may one not play an equivalent part in the economic struggle?

All this is set down merely by way of exposition of a much misunderstood position. One cannot empha-

³ *Where We Stand*, Vol. 1, New York, Communist Party of United States (Opposition), 1934, p. 13.

size too strongly that all morality is relative to the framework of human relationships in which we live. Probably liberal ethics will not be taken seriously by anyone of communist persuasion as long as our own and other nations cling to the theory that there can be a morality of warfare.

THE PLATFORM

The platform of the Communist Party in 1932 consisted chiefly of a sweeping condemnation of capitalism and the major parties—with which it couples the Socialist Party. “The Communist Party,” it says, “proposes an organized mass struggle for the above immediate demands of the workers, as the first step toward the establishment of a workers’ and farmers’ government.” The platform called for unemployment and social insurance; maintenance of wage scales against threatened reductions; relief for farmers, rent-payers and debtors; equality for Negroes, with “self-determination for the Black Belt”; full civil liberties for all; abolition of imperialist war; and “defense of the Chinese people and of the Soviet Union.” The paucity of “planks,” compared to the fullness of the Socialist platform of 1932, is illustrative of the nature and purpose of the party. Its political aims are of an “opposition” type. It feels no responsibility for framing a program upon which a capitalist government could be conducted.

RELATION TO THE WORLD MOVEMENT

The center of gravity of the communist movement is, of course, in Russia. The tendency, however, in

communism to form sects—a point at which it again resembles Christianity—reveals a vitality that is not all borrowed from Moscow. Trotsky, who has long been in rebellion against the Russian Communist Party, has his followers here, represented by the Communist League of America, who regard the Stalinist régime as a departure from true communism and as making the fatal error of identifying the party with the working class. This, Trotsky declares, results in a bureaucracy. “The Stalinist faction,” he says, “seeks to include administratively in the ranks of the party the whole working class. The party ceases to be the vanguard, that is, the voluntary selection of the most advanced, the most conscious, the most devoted, and the most active workers. The party is fused with the class as it is and loses its power of resistance to the bureaucratic apparatus.”⁴

The Communist Opposition, already quoted, opposes the Trotsky faction but seeks to correct a fault, characterized as “ultra-left,” which it believes the Russian Communist Party has fastened on the Communist International. This is the “false transference of the methods and forms of struggle corresponding to a country in which the working class has already triumphed and in which socialism is being built, to the communist parties of those countries in which the majority of the working class has still to be won and the prerequisites for taking up the struggle for power have still to be created. This false transference is accompanied by the destruction of the possibility of properly evaluating

⁴ Trotsky, Leon, *Communism and Syndicalism*, New York, Communist League of America (Opposition), 1931.

and turning to account the experiences of the communist parties outside the Soviet Union.”⁵

An important principle of communist policy, insisted on by the Opposition as well as the Communist Party, is that of “democratic centralism,” by which is meant participation of the party membership in policy making and strict accountability of party functionaries to the membership. This does not carry with it the degree of freedom that the word democracy usually connotes, for a strict discipline is insisted upon in relation to policy once adopted.

The American Workers’ Party is close to the Communist Party in its philosophy. It grew out of the Committee for Progressive Labor Action, organized by A. J. Muste. Its “Draft Program” says: “The American Workers’ Party is a revolutionary party. The purpose of a revolutionary party is similar to that of a capitalist party to the extent that the revolutionary party likewise aims to achieve and consolidate state power. But, unlike a capitalist party, it proposes to do this as only one essential step in changing fundamentally the whole social order. This it proposes to do not by stepping into state office, the Presidency or Congress, but by doing away with the present basis of state power entirely. It recognizes openly that the actual control of state power must always be in the hands of those who own and control the basic social and economic institutions. It therefore proposes that that ownership and control should be taken from the hands of bankers and industrialists, and be put where

⁵ *Where We Stand*, Vol. I, New York, Communist Party of United States (Opposition), 1934, p. 15.

it belongs, in the hands of the workers." But the American Workers' Party denounces the Communist Party in most vehement language: "The tragic failure of the Communist party to raise the revolutionary standard has resulted not only in intellectual decay, not only in converting the party into a church singing litanies of praise to an 'infallible' leadership and intoning pious formulas which are not critically discussed or understood—what is far worse, it has led to the abandonment of every vestige of revolutionary morality and decency. The party brought into the movement unspeakably low, vicious tactics of self-defense and of attack. The party vilely slanders those who differ with it. Its press is full of queer statistics, of plain lies, and even photographic faking. It has made an art of misrepresenting not only the class enemy (who should be represented properly in order that he may be scotched effectively) but also all liberals, reformists, radicals, and dissident revolutionaries." An American revolutionary party must be "rooted in the American soil."

In view of the small numbers of its adherents, the influence of communism is one of the wonders of our time. There are only about 25,000 members of the party in this country and probably the combined numbers of the various dissident groups do not exceed a few hundreds. This phenomenon reminds one strongly of the way in which a handful of people nineteen hundred years ago set about "turning the world upside down."

2. *The Socialist Party*

When one turns from the parties of revolutionary

mass labor action to the Socialist Party, he is impressed with their essential difference. The Socialist Party speaks and thinks in parliamentary terms, and by comparison with communist movements, appears to be liberal—using the word not in the sense of moderate, but as defining an attitude of mind. That attitude is one of seeking fundamental economic change through the existing political system, not by annihilating it. Socialism is far left of the major party positions but it is, so to speak, continuous with them. A liberal, who finds that he simply does not speak the language of the communists, has no difficulty in understanding the socialists, even though both movements claim descent from Marx. The platform of 1932 affords full illustration of this fact. The indictment of the capitalist system parallels that of the Communist Party, but the platform declares that the Socialist Party “is today the one democratic party of the workers, whose program would remove the causes of class struggles, class antagonisms, and social evils inherent in the capitalist system.” It then outlines a full program calling for a huge relief appropriation; a thirty-hour week; old-age pensions; health insurance; the abolition of child labor; public ownership and democratic control of all basic industries and public utilities; socialization of credit; higher income and inheritance taxes; special aid to the farmer in relation to taxes and marketing, etc.; proportional representation; initiative and referendum; denial to the Supreme Court of the power to review acts of Congress with respect to constitutionality; federal legislation to guarantee freedom of speech, press, and assembly; enforcement of constitutional guarantees

of equality to the Negro; entrance by the United States into the World Court, and, under specified conditions, into the League of Nations; recognition of the Soviet Union; cancellation of the war debts; and many similar steps. Merely to name over these proposals shows that the socialist position as expressed in that platform was what might be had by pushing the Democratic Party bodily over to the left—quite a push to be sure, but one that political events might conceivably give. In respect to political ideology doubtless the communists are right in regarding the Socialist Party as much nearer to the old parties than to communism.

All this is said, however, with reference to the philosophy and platform of the party before the Detroit Convention of 1934. That convention was the scene of a sharp battle between lefts and rights and out of the contest came a new “declaration of principles.” It puts the party on record to the effect that in the event of war the socialists will “by agitation and opposition do their best not to be broken up by the war, but to break up the war. They will meet war and the detailed plans for war already mapped out by the war-making arms of the government, by massed war resistance, organized so far as practicable in a general strike of labor unions and professional groups in a united effort to make the waging of war a practical impossibility and to convert the capitalist war crisis into a victory for socialism.” Further it declares “capitalism is doomed. If it can be superseded by majority vote, the Socialist Party will rejoice. If the crisis comes through the denial of majority rights after the electorate has given us a mandate, we shall not hesitate to crush by our labor

solidarity the reckless forces of reaction and to consolidate the socialist state. If the capitalist system should collapse in a general chaos and confusion, which cannot permit of orderly procedure, the Socialist Party, whether or not in such a case it is a majority, will not shrink from the responsibility of organizing and maintaining a government under the workers' rule. True democracy is a worthy means to progress; but true democracy must be created by the workers of the world."

These declarations, put before the convention late in its session, occasioned a storm of debate, which revealed in striking fashion how far they depart from the tradition of the Socialist Party in America. To be sure, the first goes no farther than groups of churchmen have gone in declaring against war. Indeed, Norman Thomas, in defending the Declaration, cited such actions among others and asked "Shall not the Socialist Party do as much?" The chief objection to this part of the Declaration was that it would put a legal weapon into the hands of the enemies of socialism. Its supporters have secured a statement by a group of lawyers to the effect that this fear is groundless. On the other hand, it is perhaps significant that the communist platform of 1932 with all its denunciatory language did not contain so forthright a declaration of purpose to obstruct a war.

But the second passage quoted is of greater significance in relation to social philosophy. Discussing it on the floor, Louis Waldman, who had headed the socialist ticket in New York State, said: "What do you mean by 'general collapse'? Who is to define it? Under what circumstances will you set up your revo-

lutionary government for which you declare? How much chaos must there be? How much collapse must there be? Who will sit in judgment? Who will appraise the facts? Who will determine the situation? Nonsense, my friends!"

The debate made clear the epoch-marking character of the Declaration. It was, however, adopted on referendum to the Party membership by a substantial majority. It very much lessens the distance between American socialism and communism.

B. THE NATURE OF REVOLUTION

The continual discussion of the question whether or not the recovery program is revolutionary, and whether or not we are heading for a revolution in America, suggests the need for more critical and realistic thinking as to what revolution means and how it comes about. Mr. Lippmann, who is generally regarded as a conservative, has this to say about it in his latest book: "It is only when established custom does not any longer work the expected results, when the whole organization of men's lives is in confusion, that a generally revolutionary condition exists. The people listen to unfamiliar ideas when their familiar routine has broken down. We live in the midst of such a period of revolution. The things that were certain have become uncertain. What was normal is not reliable."⁶ More specifically, he says: "Capitalism has become so complicated that private initiative is insufficient to regulate it; the democratization of political power has

⁶ Lippmann, Walter, *The Method of Freedom*, New York, Macmillan Company, 1934, p. 5.

made collective initiative imperative. There is, therefore, a new view of the state and of the economic order. The novelty is not that there is government intervention. That there has always been. Of that there might have been much more without marking any decisive change. The novelty is that the state is now compelled to look upon the economy as a national establishment for which it is responsible and not as a mere congeries of separate interests which it serves, protects, and regulates.”⁷

But Mr. Lippmann is careful to point out that there are several possible issues of a revolution and that even now we are confronted by alternatives. His own choice is what he calls “free collectivism” or a “compensated economy.” His little book will reward careful reading.

A more radical interpretation of the situation is that given by George Soule in his latest book.⁸ More radical, that is to say, in that Mr. Soule is convinced that the capitalist system will be completely superseded in the next few decades. But as to the method of revolution, he differs from the common opinion. “Collapse” is not the significant fact. Capitalism did collapse in 1929, but it had “collapsed many times before—1921, 1893, 1873, for instance.” A revolution depends on many factors. Its essence is not “a violent overturn of political government.” Violence is but a symptom. “Those who think that nothing can be essentially altered before a *coup d'état*, and that immediately after

⁷ *Ibid.*, p. 28.

⁸ Soule, George, *The Coming American Revolution*, New York, Macmillan Company, 1934.

it everything will be brand-new, are amusing themselves with fairy tales." The relation between sudden events and gradual process in social change is set forth in a passage that is worth quoting in full:

"There is no more fallacious trick of speech than that which opposes revolution to evolution, and argues that we can choose as a means of progress the one or the other. Revolution, in a better sense, is merely a name for a single cycle in the long evolutionary process of human society. It represents the turn of the wheel from one form of temporary social stability to another form. Revolution is a part of evolution, and would be impossible without it. Nor can we, socially, evolve without revolving. At least no people has ever yet done so. Advocates of violent revolution sometimes make fun of those who stress the importance of minor adjustments, on the ground that these moderates are basing their faith on an absurdly automatic 'inevitability of gradualness.' If the proponents of minor and continued changes suppose that by this means they can avoid all danger of sudden social overturn, they deserve the ridicule of the extremists. Nevertheless the extremists are equally ridiculous if they rest their hopes solely on the inevitability of suddenness, without understanding the significance of the alterations which take place between crises. There can be no revolution without evolution, and no evolution without revolution, in its larger sense. Both are inevitable, just because change is inevitable."

The coming change, which is even now under way, Mr. Soule believes, may be marked by a peaceable, even a constitutional, displacement of the profit system.

But he points out that the major turmoil and violence accompanying a revolution, usually comes not before, but after, a new régime is set up. We may look forward to "a period of terrible discomfort, of mingled heroism and meanness, of the clumsy effort of human beings slowly to adjust themselves to the new conditions of life."

The element of prediction in this or any other picture is not the main point for us here. Predictions are numerous and conflicting. The analysis of process, however, is an important contribution to current thinking about social change.

CHAPTER IX

THE PROBLEM OF HUMAN NATURE

THE stock argument against fundamental changes in the economic system is the "human nature" argument. Two propositions are involved in it: first, that human nature is basically selfish and therefore to take away the incentive of unlimited gain will cut the nerve of enterprise; secondly, that human nature is essentially permanent and unmodifiable. Traditional economics, represented by what is known as the "classical school," has created a stereotype known as the "economic man," a being that behaves in definite and predictable ways under economic stimulus. Facing a given situation with reference to food, clothing, and shelter, man is assumed to react in accord with his individual interest in terms of a bettered status. This assumption underlies the "immutable laws" of economic life—supply and demand, the "iron law of wages," and the like, which led to the characterization of economics as the "dismal science." Christianity has fostered these ideas through the doctrines of original sin and the depravity of the human soul. Thus a serious conflict has arisen. Religion and morality are constantly urging upon man the necessity and the possibility of higher motivation and sterner discipline, but seldom is it proposed to extend this regenerative process to the economic system itself. A Christian must be generous with his possessions, but the idea that he should be content to withdraw from the competitive struggle for gain and for

power is regarded as utopian, or even silly. Indeed, Christianity has sanctified this struggle as a divine instrument whereby the greatest accumulations may be made by righteous and generous men.

On the whole, the theologians have painted a brighter picture than the economists, for though they have conceived of man as fallen they have consistently held that he is capable of redemption. The economists, on the other hand, have left no place for anything corresponding to the conversion experience: man has been assumed to go on indefinitely seeking his own private ends in terms of material goods. Christianity has encouraged individuals having a strong urge toward sainthood to withdraw from the world and to live in isolation from the coarsening influence of commerce. But always it has been assumed that the monk and the anchorite are exceptional types, making possible a sort of division of labor whereby there may be gentle, ungrasping souls to disperse the gains of the generous wealthy and to soften the crudities of economic life. Thus the thrifty support the saints.

Of course, like most theories, the traditional doctrine of human nature in the sphere of economic interests is not, even by its ardent exponents, made to "go on all fours." Culture admittedly mitigates the severities of economic processes. Even a "hard-boiled" employer usually has his own ideas of the requirements of decency. In depression times, these limits are hard to discover, but when the pressure of the market is not abnormally great, a common sense of decency and self-respect sets bounds to the reduction of wages and the lengthening of hours. It is generally admitted that

some regulation of business is necessary in the interest of humanity and, little by little, laws for the protection of children, workmen's compensation statutes, and the like come to be accepted as for the common good. But always lurking in the background is the belief that the incentive to gain and freedom to take advantage of the market are basic to a healthy economic order.

As has been already pointed out, current controversy over national recovery has sharpened this issue. For reasons that we have seen, the national recovery program seeks to combine "recovery" with "reform." Conservatives are daily becoming more vocal to the effect that the reform will stifle and is stifling recovery because it interferes with the profit motive. It is the same old issue.

Latterly, this skepticism concerning human nature has received support from an unexpected source. We have seen developing in Europe and in America a combination of economic radicalism and religious conservatism which regards Christian social liberalism as sentimental and romantic because it expects so much of humanity. According to this view selfishness cannot be eradicated from human life. The picture of a redeemed society which so largely fills the literature of the "social gospel" is regarded as an extravagant portrait and as presenting a false hope. The privileged classes will never yield their advantage, we are told, except to superior force, and even then the unregenerate elements of human nature will prevent society from approximating the Kingdom of God.

Thus traditional economics, traditional Christianity, and current religious-economic radicalism unite to

cast doubt upon the hope of a redeemed society which liberal social Christianity has been fostering in recent years. What facts can be cited and what testimony adduced that will help in a solution of the problem?

IMPLICATIONS OF THE NEW ECONOMICS

In recent years new voices have arisen in the ranks of the economists, denying that economics is a dismal science of blind forces. They insist that it is a social science which can teach man to govern his economic life, just as the physical sciences have taught him how to produce food and to construct dwellings. They are called the "institutional economists," and the designation signifies their broad social interest. They hold that man can bring unused motives into play and create new instruments of social control. They say that, although the forces recognized by the older economists are real and significant, they are not the sole factors that they have been assumed to be. These economists find in human nature other demands than those for food, clothing, and shelter which function in economic relations. For example, contrary to the contention of many economists connected with organized business who deplore labor organization as an interference with the "labor market," these newer economists find in labor organization a legitimate factor in the control of wages. They believe that rational processes can be substituted for blind automatic processes which the *laissez-faire* theory takes for granted. They conceive of the production and distribution of goods as a function of the community which cannot be left to the competitive struggles of an "economic man," precisely be-

cause there is "no such animal." Life is a complex of factors of which economic interest is only one.

Obviously, such a doctrine needs support from those who are best able to tell us about human nature. And we naturally turn to the social psychologists and the educators to learn whether there is any warrant for the idea of these economists that humanity can discipline itself and make its own economic arrangements.

THE TESTIMONY OF PSYCHOLOGISTS AND EDUCATORS

The social psychologists and the educators are ready with impressive and somewhat startling answers. They say, first, that the notion of "human nature" as essentially and predominantly selfish is a mistake. As revealed in children, before the economic system has impressed its character upon them, human nature is generous as well as self-seeking, gentle as well as hard. Human nature is not egoistic or altruistic, but now one, now the other. Nor can we split human nature up into parcels of instincts nor explain particular behaviors by reference to isolated portions of our "nature." For example, an artist does not paint a picture just because he is hungry. He may be obliged to make his living by painting, but he is satisfying other demands of his nature when he paints. His whole personality is expressing itself. Human beings tend to react as *personal wholes* to *total situations*, and these personal wholes and these total situations include many potentialities.

Here we are in danger of involving ourselves in a contradiction. All sweeping and dogmatic statements about human nature are sure to be wide of the mark.

That all men have elemental requirements was freely recognized in our attempt to answer the question, What is the good life? There are urges within us that can be thwarted only at a great hazard. The psychiatrists know this well. The point is that the demands of the human organism may be satisfied in a variety of ways. We are capable of "multiple response." Even reflexes can be "conditioned." Instinctive drives can be used to motivate various forms of behavior, some much more socially desirable than others. Conspicuous transfers of this kind are seen in the experience of religious conversion, but they also take place by a more gradual and more typically educational process.

It follows that the "fixity" of human nature is a false conception. The human mind has no determined and unchangeable patterns of behavior: the "instinctive" responses to stimuli can be "conditioned" in a variety of ways; therefore "human nature" is in a sense always in process of being remade. To the complaint, "you can't change human nature," present-day psychologists answer, "not only *can* you change human nature, but in the modern world you cannot *keep it from changing*."

It is of course not to be denied that certain clearly marked tendencies persist generation after generation, nor that education has to grapple with certain obstinacies and "bents" that are deep in human nature, but psychologists see in changing situations and social sanctions the cause of new attitudes, impulses, and habits in individual human beings.

Another important element in the situation is the news from the psychological laboratory, laying a ghost

that has stalked long and convincingly—the ghost of the hopelessness of maturity; in other words, the idea that “you can’t teach an old dog new tricks.” Along comes the educational psychologist and says that you can. So long as learning was assumed to be a function of youth, and maturity was assumed to be mentally stolid, the prospect of securing any fundamental change in the social order through education was slight. On that assumption, youth was under the necessity, after enjoying its utopian fling, of finding its place in a world ordered and maintained by uneducable adults who had long ago “learned many things that were not so” and who could never “unlearn” them. Thus, the outlook for social change was discouraging. But if these older people who run the world in this present generation can be re-educated and adapted to changing conditions and new needs, the situation is different. This is why adult education is receiving so much emphasis in relation to the changing social order. Here again the institutional economist, bent on making economics a social science and bringing it to the service of man, gains invaluable support from the educational psychologist.

ECONOMIC INCENTIVES

Let us now make a brief survey of some of the principal incentives that operate today in the areas of economic activity and inquire into the strength of those incentives that are socially useful and into the possibility of displacing or modifying those that seem to be a social liability. We may admit that some of these incentives are rooted in tendencies that are “instinc-

tive" in that they appear without having to be learned and are practically universal. The question thus becomes one of substituting new incentives for old, or of finding new ways to make old incentives more effectual. The following categories are not exhaustive but are sufficiently inclusive for our purpose.

1. *Acquisitiveness*—Undoubtedly the tendency to amass possessions, to create property for personal satisfaction, plays an important part in our present economic life. It is the basis of the profit system. The classical economics assumed that this is true because human beings "are like that." "If you want a man to work, give him an adequate substantial reward." The plan has worked, manifestly, to a degree. But several questions arise about it. May not the strength of this incentive be due partly to the blocking and thwarting of other, less self-seeking impulses? And even if it be granted that the profit incentive has played an essential part in building the present economic order, it does not necessarily follow that such a powerful self-seeking incentive is needed in the present world situation. It may well be argued that the central drive in the economic system—self-interest—has done its work too well and that the *laissez-faire* economists have proved too much. Certainly at the present time, with the lesson of a great depression fresh in our minds, the acquisitive motive seems to have been in considerable measure a liability. Does this mean that we can, and should, seek to displace it? At least we can search for incentives more in accord with the Christian ideal which it may be quite possible to introduce into our economic life, even though at present they may be crowded out

of the picture by the premium that is put upon the acquisition of property.

That such incentives are available a glance at contemporary society is sufficient to show. Industry is crowded with workers who throughout their lives have no opportunity to seek profits and but the slightest hope of materially increasing their income. When we assume the necessity of large rewards to produce high-grade effort we forget that the great mass of people work all their lives for the most meager money reward. Not only so, but multitudes of the ablest and most indispensable servants of society—teachers, research workers, inventors, explorers, and many others—would scorn the profit incentive. For the cruder forms of acquisitiveness other incentives are indubitably available.

What is true of the incentive for gain is true of the quest for power. This may be regarded as another aspect of the acquisitive impulse. It usually shows itself in those who have reached a relatively high level of material success. As a powerful self-serving impulse, it leads to great inequalities in the economic world. It has, of course, its social aspect, since power is often used to create social values. A dictator may abolish evils and improve the conditions of human life. But power sought and gained as an expression of an "ego urge" creates one of our greatest problems. Indeed, it is one of the conspicuous faults of our society that it artificially stimulates the ego drive. More socialized patterns of behavior would probably raise the more social urges to a dominant position.

2. *The Desire for Prestige*—A person who attains business success gains not only possessions and power

but something perhaps even more alluring—the reputation for having achieved or acquired something extraordinary. A noted economist has pointed out that one of the main uses of wealth at present is display—the showy mansion or the costly automobile.¹ By means of it men advertise themselves, they label themselves, so that he who runs may read. And we must remember that this applies not merely to the rich and powerful but to all of us. For do we not all make use of our possessions to maintain a social status? If one does not live on a Park Avenue or a Gold Coast, he very likely does live in a section and in a type of residence that is clearly marked off from those below him in the social-economic scale. And the prestige that attaches to each level of life is one of our chief social possessions. Is this an inevitable condition of life? From one point of view it is our way of being social, for we find satisfaction not merely in being superior to others but in conforming to the standards of our own group. Prestige, therefore, has its social uses, for without regard for the opinions of our fellows we should not be moral. At bottom, prestige is very close to self-respect. But ordinarily the people one cares most about and those whose approval he seeks are the members of his own social-economic group. Thus classes are built up and maintained that may have little spiritual or intellectual significance.

An impressive illustration of this prestige problem is often seen in family life. Certain members of the family who would gladly live more simply find it impossible to

¹ Veblen, Thorstein, *Theory of the Leisure Class*, new ed., New York, Vanguard Press, 1926.

surrender the privileges that are essential to family prestige because other members of the family are unwilling to do so. It not infrequently happens that the women members of a family become, so to speak, the custodians of the family prestige and find it more difficult to modify their scale of living than the men, whose elemental impulses are in larger part satisfied in the activity of acquiring property. This same factor of prestige standardizes schools and clubs and even churches into self-conscious cliques and social sets. Indeed, the prestige of an institution often overcomes individual sympathies and contributes to the separation of people from their fellows.

How shall this factor in human life be dealt with? Three outstanding ways suggest themselves. One is to take advantage of what may be called the hierarchy of prestige values. Prestige must be evaluated in part by the kind of achievement for which one would be known. Even though we may regard prestige as prevailingly an un-Christian incentive, to "step it up" from lower to higher levels is a moral achievement. Another way of dealing with the problem is to influence individuals through religious and moral discipline to live more humbly. This is the time-honored way of Christianity. When we look about us we are likely to feel that such a way as this is "strait" and "narrow" indeed, and "few there be that find it." But those who have found it have discovered other and more useful forms of self-expression. A third way is to break down the material barriers to human fellowship by bringing about a far greater measure of equality in wealth and privilege. This may be quite as Christian as the way of

individual discipline if we think of Christianity in social terms.

3. *The Desire for Security*—When we think of this incentive we have in mind chiefly those people whose possessions are still too few to provide a firm footing in the struggle of life. The depression through which we have been passing has brought multitudes to this level who never knew it before. And what a revealing experience it has been! Even conservative, property-minded men have been heard to express anarchistic and irresponsible opinions when brought face to face with want and suffering for their families. If such people undergo so radical a change under economic adversity, what may we expect of those who live always on a precarious economic level? We have to admit, whether we like it or not, that moral idealism fades and moral inhibitions break down when security vanishes. We cannot be sure that this would not be the case with ourselves under the same circumstances. And when we recall how large a part of our population in America, even in prosperous times, live near to the danger line, with but a few weeks of unemployment between them and want, we realize how slight the moral defenses of society are. A considerable degree of security is essential to a well-governed life. The traditional view, as we noted earlier, is that only as men fall short of security will they put forth vigorous effort. Today we are more fearful of the paralysis and demoralization that come of continued failure to find security.

4. *The "Instinct of Workmanship"*—By this we mean the tendency to find satisfaction in excellence of performance, and the impulse to create something which

our fellows will approve. If the creative activity gives expression to some inner personal urge, the experience is the richer. A familiar example is seen in the pride of craftsmanship which a joiner or a wheelwright had in his work before the days of the machine. It is one way to "self-realization." Many idealists place great hope for a more satisfactory industrial order in the common impulse to excel in workmanship. It is a matter of common knowledge that large-scale machine production has robbed the craftsman of a means of self-expression. Crafts have everywhere tended to disappear in the industrial revolution. The individual worker can no longer be identified with his product. He may handle only a small part of a finished article and then perhaps only for a few moments. Observing this decay of craftsmanship, many are calling for a restoration of the era of the "craft guilds" and a corresponding simplification of life. The depression has increased interest in such proposals. Few students of modern industry, however, believe that we are going to move in that direction. More probably, we must find new ways of releasing the creative spirit that is in each one of us. Certainly, if the desire to create, to attain a high standard of workmanship, is deeply fixed in human nature, then the present economic order thwarts something elemental in the lives of the vast majority of men and women. This is a severe indictment, and one that must be met. Here one cannot speak with assurance, but certain possibilities suggest themselves. With the increase and the refinement of machine production we are turning over more and more to the "iron man" his automatic processes. This makes for human freedom.

And with the prospective increase in leisure due to increasing productivity of labor, and a corresponding increase in education for the use of leisure, men should have more and more scope for the pursuit of cultural values and of aims that are peculiarly their own. Here at least are possible roads to the moral mastery of the machine.

5. *The Sporting Impulse*—It may seem strange to suggest that the "game" aspect of life is important from the ethical point of view, but surely nothing is more broadly or more persistently characteristic of humanity than the desire to play a game. The element of uncertainty as to outcome, the challenge to ever-renewed effort is basic to eager, wholesome living. How does society utilize this game-impulse today? Largely by means of a perpetual gamble that carries a few to success in the competition while the masses go down. This is what happened in the stock market crash. Yet there seems to be something in this game that is akin to the great intellectual and spiritual adventures that have progressively emancipated mankind from disease and ignorance, and enriched its culture. Can our society capitalize this sporting impulse, this quest of adventure, in a way consonant with social progress and the attainment of a more abundant life?

This suggestion is not to be confused with what is often called "competition in service." The latter is rather a doubtful combination of words. What is meant here is that the element of adventure, of personal commitment to an enterprise of uncertain but promising outcome, belongs alike to sport, to business, and to the highest type of human service. What appears

ugly when it operates on a low level may be splendid when it calls higher aspirations into play.

6. *Coöperation, or "Mutual Aid"*—Here we have the most social of all human tendencies and one which seems to be as "native" as the more self-regarding impulses that we have noted. Today life presents some startling contradictions in that men strive relentlessly and compete cruelly for status and supremacy and then, in situations involving great human suffering and catastrophe, often behave magnificently toward their fellows. Witness the courageous behavior of seamen in an ocean tragedy. Is the one characteristic more elemental than the other? The extraordinary demonstrations of coöperation that have come to light here and there in industry in recent years are mostly due to the discovery of how much men really want to live as brothers and how far they will contrive to do so when given a real opportunity. For the most part life is now so organized that one must choose between self-regarding motives and starvation or failure. The world is geared up to self-interest. "Rugged individualism" teaches that it must be so. But evidences are multiplying that men do not clutch at each other's throats because they enjoy doing it; they would be happier with an opportunity to live and to help live.

ASSETS AND LIABILITIES

We have considered briefly six types of incentive. Acquisitiveness appears to have been over-rated as a social drive, and in a reconstructed economic order would have to be largely replaced. Prestige involves a crude competition that is reckless of real values. In

part it must be replaced by other means of self-expression; in part it must be smothered, not by repressive discipline, but by doing away with the crude social instruments of display. Security is a basic need and must be satisfied. Creative workmanship is one of the true means of emancipation from the deadly grip of mechanical processes, and as such becomes a major social goal. The sporting impulse may become a prime asset of citizenship and statesmanship. But the climax of social hope is in mutual aid expressing itself as an elemental force in organized coöperation.

All this means that human nature is neither good nor bad, but potentially either. The human equipment of motives and propensities is like an organ keyboard, on which can be played either warring chords or a symphony. We now have reason to believe that those impulses which are most deeply rooted may be given social expression, and that the cruder urges may be displaced by others that work toward worthier ends. But this change can come about only when the human spirit becomes centered upon some commanding purpose. Much as we have learned about "original human nature," we know little of what men are capable of when organized for collective expression. Christianity has demonstrated that a mighty transformation can be wrought in individual lives. But in an untoward environment these transformations are few and socially but slightly effectual. If society were so organized as to put a premium on social motives, human nature would be revealed on a new level.

CHAPTER X

TOWARD AN ECONOMIC PLAN

WHEN we have taken soundings and studied our charts and reconsidered our choice of destination in the light of our equipment for controlling a craft which has become suddenly very difficult to manage, then we must plot a course. This undertaking requires all our knowledge, courage, and insight. It requires something else, that may perhaps be called sportsmanship—a willingness to venture, to try what we are not sure of and in the nature of the case cannot be sure of. And the immediate necessity is agreement upon *direction*.

The present situation is perhaps unique in American history in that radicals and conservatives alike—excluding those of the “stand pat” type—are pointing in the same general direction even though the distance they propose to go is a matter in grave dispute. It seems to be agreed among thoughtful, well-informed, and unbiased people that some form of social planning is necessary, that in some measure individual initiative and control must give way to collective action in order to prevent our being swallowed up in chaos. This is not to say that there is unanimity on the point, but at least among those to whom the churches have come to look for guidance in framing their social programs there is little difference of opinion as to the necessity of some increase in collective action and control.

This fact is of the utmost consequence, for it indicates the possibility of a measure of agreement on the im-

mediate engineering aspects of a problem by those who differ in their philosophy. It holds out the hope that energy so often wasted in debate about ultimates may be intelligently used in experimentation in a given general direction. We may, under pressure of social emergency, move in the desired direction without any commitment as to how far we are going. Barring a wave of reaction, which is always possible, this is what we are likely to do.

CHRISTIANITY AND COLLECTIVE ACTION

What is the spiritual principle that impels toward more collective planning in the economic order? For us as Christians this principle must be found in the ideal of mutual aid and the sharing of burdens which are both implicit and explicit in the Gospel. "Ye are brethren," Jesus said. "He that would be great among you, let him be your servant." Again and again in the New Testament, and in the Old Testament as well, the ideal is set forth of mutual aid, of interdependence. The early Christian Church was a fellowship. It has been called "the beloved community." The fact that at one stage of its history this community practised a communism of property does not, to be sure, furnish a precedent surely applicable to the present day, but it at least shows clearly how impossible to the minds of those early Christians would have been the doctrine of extreme economic individualism. The early Christians subordinated the concerns of the individual to the needs of the group. In this way they expressed the genius of their religion.

Thus our demand for collective action for the good

of all arises out of the nature of the Christian religion, which is at heart hostile to any system that is founded on the private interest of the individual. We have seen how the traditional economic theory, still held and advocated by many business men—Christians among them—comes down to this: Let every man seek his own ends with all the freedom possible, and then the maximum of well-being for all will be realized. This is the *laissez-faire* idea. Christianity says, let every man minister to the needs of his fellows and in so doing he will attain his own highest good as well as theirs. The essentials of a good life, in other words, are produced by devotion to that spiritual society to which we belong, not by driving ahead in our private interest.

What does the intelligent exercise of citizenship in the light of these ideals require?

FACTUAL KNOWLEDGE

When fortified by a purpose and equipped with a sense of direction, we find ourselves in need of facts. It must be clear by this time that our individualistic economy has left us poverty-stricken in respect to knowledge. When one's main dependence is blind, uncontrollable forces, facts do not matter so much. It is only as nations feel the necessity of ordering their collective life, as European countries have come to feel it, well in advance of us, that the necessity for scientific data is fully realized. We have been in confusion ever since the depression began because we have not known how many unemployed we had and have had no way to find out. At this moment the conflict of estimates is more marked than ever. The American

Federation of Labor says 10,312,000; the U.S. Chamber of Commerce 7,312,000; the National Industrial Conference Board 7,934,000. We have already noted the utter lack of a technical basis for standards of production and merchandising. The returns on industrial investments are guarded as sacred confidences. Because of the policy—up to now—of our government in putting investigators at the disposal of business enterprises seeking foreign markets, Washington probably has more detailed knowledge of economic conditions in certain other countries than of our own. We need facts about employment, consumptive requirements, industrial standards, technological development, and all other matters which enter into intelligent planning. The Recovery Administration is now rapidly accumulating such data and in due course American citizens will probably have to decide what use is to be made of it.

FORMULATION OF OBJECTIVES

It is of the essence of planning that it be done collectively, on a national scale. It becomes a major function of government. This does not mean that it is a bureaucratic process. In a true democracy it cannot be that. There must be individual and group initiative and open avenues of group expression. Government must lean heavily upon autonomous groups. But the weighing of all interests and the determination of the resultant of all the forces at work in society is too great and comprehensive a task for any other agency than that of all the people. The government must formulate the goals of the nation as a whole in production, in

consumption, in research, and in education. It is only when goals are formulated in the large and when adequate plans are developed to reach them that individuals and private groups become really free. Until then their energy is wasted in friction and destructive competition. When we were bent on winning a war we saw this and accepted it. Now we are coming to see that the daily life of a great people presents issues just as momentous and problems just as crucial, and of even more far-reaching consequence.

The issue just emerging is whether we shall learn the real lesson of the depression and recognize that to regard the recovery program as an emergency matter is not enough—that collective action on a large scale is not a passing need but a permanent necessity. This does not mean that any existing recovery agency should be permanent or that any methods devised in critical moments are to be continued without revision. Indeed, revision and more revision are of the essence in a planned economy. We are in danger now of concluding, under the pressure of deeply entrenched interests and long habits of thought and action, that the difficulties of planning are too great and that we may safely turn back. The New Deal was regarded by many as a proposed “way out,” a solution for all our national problems, a pathway to the Promised Land. We have found that it was a way in—into continuing and increasing difficulties, and inevitably so. One might as well assume that growing up is a way out of all the problems of youth as to suppose that the adoption of planning brings a set of solutions. At the moment it may be fairly said that the New Deal has created as

many problems as it has solved, perhaps more. The question for the socially minded citizen is, What course will give the largest measure of satisfaction to the valid aims of a democratic society? We may have to go much farther to the left. Many of us believe that if Christianity is allowed to guide us, we shall. But if so, we must find those solutions that fit the needs of America, not adopt ready-made formulas or procedures from abroad. We have one task, and that is, to find a way by which the whole people may enter into an abundant life which hitherto the economic order has not given them. It is the business of government to devise means of pursuing this goal and its hands must remain free—free but perpetually responsible.

PURCHASING POWER FOR THE PEOPLE

Merely to repeat these words should be enough to recall arguments that have now become familiar to every studious person and which have not been refuted. By existing means or new devices through private initiative or public, with the coöperation of industry or over its head, the division of the product of labor must be altered. A beginning has been made. It is not enough. Shorter hours and higher wage rates are necessary not only to remove the scandal of low living standards from which vast numbers of our workers have suffered even in boom times, but to keep the market for consumers' goods going up. It means smaller return on investment but the loss will be more than compensated in security and good-will. It cannot be too strongly emphasized that in this crisis we are really all

in the same boat. Wealth is useless when industry is paralyzed. Insecurity is the lot of owners as well as wage-workers. And there is no remedy for that insecurity that applies only to one class. The old game is played out. The rules must be revised. All the players must learn the new ones.

The basic character of this question must not be lost sight of in the current confused discussion of the question of requirements for consumption. The assertion that our productive capacity is overdeveloped has been disputed in the press and in current magazine articles. Probably many of the claims put forward in the last two or three years by those who are preoccupied with technology have been exaggerated, not to say fantastic. But the current discussion largely misses the point. The argument for a wider distribution of purchasing power rests not on any estimate of present *effective* demand—that is, money demand—but on considerations of *potential* demand. As we pointed out earlier, even elemental needs for food and clothing are vastly greater than present consumption indicates. As for shelter, the need for housing on a huge scale is notorious. And when we consider the higher cultural needs of our population, there is no limit—no “ceiling,” as economists say—to demand. This potential demand is the assurance that industry may go on developing indefinitely. The missing element is purchasing power. And until that is supplied, the wealth piled up in productive equipment is largely useless. This is the crux of the matter. For its own sake industry must divert a part of its earnings from profits to pay envelopes in order to put the system in balance again.

"CREDIT TO WHOM CREDIT IS DUE"

A play on words, to be sure, but expressive of a social necessity. The control of credit is basic in modern society. In our individualistic economy we have not only made a great virtue of initiative and freedom in enterprise but we have made the process of supplying the resources for such enterprise a private business. The regulation of the flow of credit—the economic life blood of the nation—has itself been a part of the competitive business system. And in spite of some far-reaching reforms in banking and in the sale of securities, the decision as to who shall have credit and how much and under what conditions is made chiefly by private individuals and groups. If we are going to take social planning seriously, we must face this fundamental question. The necessities of the recovery program have to a considerable degree transferred credit authority to the federal government, but the banks are still stuffed with money awaiting investment which is kept out of use because the risks of private enterprise appear too great. The ultimate reason is that the former administration of credit created a condition characterized by increasing hazard. To make credit flow again the risk element must be improved. And unless we want to let ourselves in for another joy ride with a precipice at the end, it seems clear that two things must happen: (1) the collective wisdom of the nation must direct the flow of credit in line with the greatest need and therefore the least risk; and (2) the resources of the whole people must be back of what risks there are. At this moment we seem to be moving toward the absorption by the

government of the major credit functions. This, it is objected, is socialistic, but it ought to be clear enough by this time, with a large fraction of the people on federal relief and another large fraction in federal employ, that the question is no longer *whether* we shall adopt socialist measures but *how much* we must take of the socialist prescription to preserve a maximum of freedom for the whole population.

Credit is social faith. The common notion in business is that we walk not by faith but by sight—by assurance based on tangible assets, on land and goods and stock certificates. In October, 1929, vast numbers of people found that things which look very real may not be real at all. Even the banks found that they had been lending money on the basis of fictitious values. Thus the things that are seen turn out to be less real than things that are not seen. Sound credit must be based not on the supposed durability of things but on the creative possibilities of coöperative human effort. It is the business of social engineering to remove obstacles from the path of such creative effort, and social credit should flow freely along that path. The limitation upon individuals or groups which social planning involves is not imposed as an end in itself but for the purpose of insuring a maximum of freedom and well-being to the people as a whole.

SOME SPECIFICS FOR THE FUTURE

We are not here concerned with the mechanics of planning. The machinery required to relate the various functions of survey, credit arrangements, production management, labor, and the rest is too technical

a subject for treatment here. We are concerned only with principles and goals, matters of social policy and purpose, concerning which in a democracy the people themselves must make up their minds. These are questions not of technical science so much as of social philosophy and of religion. It is the task of religion and philosophy to define values and to set up goals. Social science should supply the means by which these values may be realized. Some immediate objectives are set down here as admitting of little argument once the general principles already stated are accepted.

1. *A Strong, Responsible Labor Movement*

If the view of social process taken in this whole discussion is valid, the principle embodied in Section 7a of the NIRA is fundamental, and one condition of wholesome and stable industrial relations is the organization of labor on that basis. The many strikes that are occurring throughout the country, far from being an evidence of social disintegration, should be regarded as the birth pangs of economic democracy. Labor throughout the nation, skilled and unskilled, black and white, by hand and by brain, in the factory and on the farm, should be organized, recognized, and disciplined through responsibility. National policy should be continuously shaped to that end.

2. *Children in School, Not at Work*

The often-heard statement that child labor has been abolished is premature. It has been in large part *suspended*, during the operation of the recovery legisla-

tion and the codes based thereon. This is an enormous gain. But nothing will suffice either economically or culturally but the complete removal of children from industry through high-school age. In the factories, or in agriculture they take places adults are waiting in line for and they depress wages which must rise if the present imbalance is to be corrected. Furthermore, they hold the key to the cultural revolution of the future and they must have all the equipment that society can furnish.

3. *Pensions for the Aged*

So many good reasons can be given for providing old-age security that one wonders why the movement has progressed no faster. Humanity dictates it; industry needs it, for the same reason that it needs the permanent abolition of child labor; economic stability has much to gain by it since the stark terror of an impecunious old age is a prime cause of the forced saving and speculative investment which produce a top-heavy economic system. "The savings of the poor classes alone," says David Cushman Coyle, "will be enough to overload business and bring on an occasional sick spell."¹ Among European and other countries old-age pensions have been in effect for many years. In some countries² the government bears the entire cost. In others³ the government adds to funds contributed by employers

¹Coyle, David Cushman. *The Irrepressible Conflict—Business vs. Finance*, New York, The Author (101 Park Ave.), 1932.

²Great Britain, Irish Free State, Denmark, U. S. S. R., Canada, Australia, New Zealand, and the Union of South Africa.

³Bulgaria, Czechoslovakia, France, Germany, Greece, Hungary, Italy, Yugoslavia, Luxemburg, Portugal, Spain, Sweden, and Chile.

and employes. In the United States twenty-eight states⁴ and the Territory of Alaska have passed old-age pension laws. The legislation thus far enacted, however, is far short of adequate to the desired end. Whether funds for maintaining such insurance are raised by taxation or through a contribution plan, it will mean the diversion of unneeded savings into needed consumption—once more a spreading of purchasing power.

4. *Insurance Against Unemployment*

More grievous than all other handicaps inflicted by our industrial society on the working population is its failure to afford security of employment. Unemployment insurance is an indispensable measure of protection for the mass of workers against the loss of their jobs. Whether it is accomplished by state or by voluntary action, whether the funds are provided by employers alone, by employers and employes, or by both with the addition of state aid, are not questions of primary importance here. Nine countries in Europe,⁵ Queensland (Australia), and Mexico have compulsory systems of unemployment insurance. Nine other countries⁶ in Europe grant subsidies to unemployment funds established by trade unions. In the United States only one state, Wisconsin, has enacted a compulsory unemploy-

⁴ Arizona, California, Colorado, Delaware, Idaho, Indiana, Iowa, Kentucky, Maine, Maryland, Massachusetts, Michigan, Minnesota, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New York, North Dakota, Ohio, Oregon, Pennsylvania, Utah, Washington, West Virginia, Wisconsin, Wyoming.

⁵ Great Britain, Italy, Austria, Luxemburg, Germany, U. S. S. R., Bulgaria, Poland, Irish Free State.

⁶ Belgium, Denmark, France, Norway, Netherlands, Finland, Spain, Czechoslovakia, Switzerland.

ment reserve law. Under this law the cost of unemployment benefits is put on employers as it is under workmen's compensation laws for industrial accidents. In Europe unemployment funds are built up by compulsory payments by employers and employees and by government contributions. Voluntary unemployment insurance in the United States has been established on a small scale by trade unions, by joint contributions of trade unions and their employers, and by companies which either assume the entire cost or ask their employees to share it.

Here again, it is important to consider both the immediate and the long-time economic gains to be realized from such a social insurance project. The immediate gain in prevention of suffering and anxiety and the building of morale is obvious. The substitution for our present demoralizing public dole and our make-shift work-relief of a form of insurance benefits, bestowed as a matter of right by public authority, would be a long step in the direction of a more Christian system. For Christianity requires that men be treated as persons and as brothers. When one has given to society according to his ability, he is entitled in honor to receive according to his need.

But what of the economic results to be hoped for from such a measure? First, it would further relieve the forced saving which we have already noted and contribute to the all-important increase in purchasing power for the mass of the population. Secondly, it would almost certainly reduce unemployment through the very considerable incentive it would give to employers to regularize industry through economies and

rational planning, in order to avoid the necessity of paying continuously into unemployment funds.⁷

5. *Rebuilding the Nation's Homes*

Nothing would contribute more to raising the moral and spiritual tone of our population than to house it decently and adequately. This is a point at which private initiative has conspicuously broken down. Here we have an opportunity to improve the entire structure of community life, reduce crime, establish a higher level of parenthood, reduce the death and morbidity rates, sharply stimulate a basic industry—all through a national housing plan. The government's part is to develop the plan, direct a flow of credit, insure the exceptional risks involved, and furnish coördination of effort. Let the American people have homes! No other single program would yield so much in terms of social redemption and a structural provision for a new cultural era.

6. *Free Education for Everybody*

Reference has been made to a cultural revolution. Whatever other kind of revolution we have, no one can question the desirability of this one. Its chief instrument is education. In a surplus economy we can easily have a wholly literate population. No longer are we taking into our midst millions of Europe's peasants nor is our own population increasing as it was a few years ago. In a few decades at the farthest it will

⁷ A useful summary of the experience of other countries with unemployment compensation, as well as with old-age pensions and health insurance, is given in *Twenty Questions on the Economic Security of the People*. New York, Association Press, 1934. 25 cents.

have reached the saturation point and either stand still or recede. Our task is to give all our children at least a high-school education; provide free higher and vocational education to all qualified for it by capacity and will; and to make possible and encourage a continuous program of adult education in the arts and sciences, and especially in politics and economics, for the entire population. The expectation of increasing leisure, the availability of a growing proportion of the population for leadership service instead of economic production and the prevalence of "cultural lag" because of the rapid strides of science, invention, and social process, all argue strongly for the development of a nation-wide adult-education program.

7. Economic Coöperation Among the Nations

The new doctrine of autarchy—national self-sufficiency—runs counter to all that we know about economic well-being, the nature of peace and the genius of Christianity. At the present moment we are unavoidably preoccupied with setting our own house in order, but solutions of economic problems based on isolation are illusory. Nations that will not come together in trade will come together in conflict. National planning, to be successful, must in the long run be a part of international planning, and this means an end as soon as possible to tariff barriers, and this in turn will facilitate the scrapping of armaments. There is no room here for even sketching the problems involved in such achievements. The point is that the effort to attain stability in our economic life and the effort to abolish war are parts of the same enterprise.

These are some of the high points in a program of planned action that may be undertaken now without any attempt to solve in advance the ultimate riddle of the economic order. They are part of a long-time experimental program the results of which, accumulating slowly, may give us guidance on our future course. The position taken throughout this discussion is that adequate social-economic planning must courageously accept a definitely collectivist trend as a means to achieving the good life for the individual, but that as to method it should be experimental rather than doctrinaire.

CHAPTER XI

THE CITIZEN AND THE CHANGING ORDER

WE come now to the question, What can the individual do about it? Frankly, we have made difficulties for ourselves by our emphasis on the trend toward collectivism and away from the old individualism which has characterized American life. It is easy to conclude that the increasing complexity of life which makes the individual so much a part of group processes necessarily reduces his responsibility. But this is a wrong inference. We have said that the well-being of society depends on the successful balancing of freedom and control. This means that there is always an important part for the individual to play. His freedom of action is circumscribed by social restraints and constraints, but within the area of free action the importance of the individual is increased. For in a simple individualistic economy in which the community has relatively little to do, citizenship requires much less intelligence and makes fewer demands. In a democracy, the more burdens society carries the more important are the attitudes and the acts of the single citizen who is the unit of that society. When we stipulated that we should seek the good life within the framework of democratic government we made a very important choice. Were we content with a growing centralization of power, without insisting that it be *responsible* power, the case would be quite different. But so long as we cling to the democratic ideal—and this book has

been written entirely from that point of view—we leave ourselves individually a large share of responsibility. Some of the specific ways in which that responsibility may be exercised are set down briefly in the pages which follow.

THE BUSINESS OF BEING IDEALISTS

We started this discussion with a consideration of what the "good life" means. We assumed that a Christian attitude toward life cannot be merely realistic in the sense of taking things as they now are. Religion and politics—using the second word in its original and dignified sense—both look toward the realization of ideals for the individual and for the community as a whole. Neither church nor state would have any reason for existence if men were content with what now is. A certain restlessness, a habit of thinking about better ways of living, is what keeps people alive. We have a natural tendency toward inertia. "The biggest problem with my young people," said a prominent minister, now a university president, "is that they have no problems." Such a contentment means that people are too well adjusted to circumstances to be really adjusted to life. We need to develop the habit of reflection upon the meaning of things, to be familiar with what men and women of social vision are thinking and saying, and to meditate upon the quality of our own daily lives. Christianity is shot through with social idealism, but it has always stressed heavily the quality of the individual life. No gain can be achieved by society that is not supported by personal wills. And if we collectively build a better world, it will only

come about as we individually are fit to live in such a world.

THE HABIT OF CRITICISM

One might think that there are enough "knockers" abroad without suggesting that people be more critical. But criticism means something else than finding fault whenever one feels like it. It is not necessarily adverse criticism, and when it is, it may be useful if it springs from serious thought and not from mere partisanship. One of the most conspicuous evils in our political life today is purely partisan criticism of proposals for social change. If they come from Republican leaders, they commonly get endorsement from good Republicans, and similarly in the case of Democrats. Now, party action is quite necessary even where there is only one active party, as in Soviet Russia. But intelligent criticism is the only guarantee of growth and of wholesomely responsible action. Indeed, the Soviet Union furnishes a good illustration of this kind of criticism. It would surprise most people to know how fiercely communists there criticize their own communist government in order to keep it on what they think is the right track.

We have little real political sense in America because politics in the public imagination has become a rather disreputable art. It can be redeemed by the erection of a high standard of judgment on the part of people who will accept responsibility for being intelligent on current issues, for promoting discussion of them in the various groups to which they belong, for writing occasional letters to the press, for expressing

their views on political and industrial ethics to the managers of the corporations in which they have investments, and in other ways that will occur to any one who really starts looking for opportunities to be influential. The *New York Times* recently commented editorially on the improvement in the quality of "letters to the editor," which it took as a sign of real growth in intelligent citizenship. Here is a lead worth following. The current adult-education forum project in Des Moines is said by residents of that city to have turned some of the local bridge parties into discussion groups which broke out spontaneously as a result of the forums. No one wants to intellectualize everything and purely social gatherings have their value, but there is probably much more of an appetite for serious and informing discussion even in conventional circles than we ordinarily suppose. Active, disinterested, intelligent criticism is indispensable in a democracy.

This means that, although we entertain respect for our institutions as conserving values in our tradition, we regard nothing in our social and economic order as necessarily fixed. Nothing is so sacred in our economic arrangements as not to admit of questioning. The greatest dangers to society are not in its changes but in its resistance to change.

COÖPERATION WITH GOVERNMENT

The best critics make the best coöperators. Social action demands that definite policies be adopted after due reflection and then pursued consistently to a demonstration of their merits. Just now we are in a period of political experimentation in the sphere of economic

relations. This is not a pleasant experience but it flows from great urgency and great uncertainty. The old motto, "Be sure you're right, then go ahead," is pathetically inapplicable. We just can't be sure we are right, but we have to go ahead. And we won't know whether we are, on the whole, right or wrong until we have gone some distance farther. Some mistakes are already evident and others will appear. Perhaps the greatest mistake of all would be to assume, with the extreme conservatives (with whom the extreme radicals agree at this point), that the whole undertaking is wrong.

But the point for us here is that at a time like this the mood of the individual citizen is all-important. We are having a new political experience in America. A shrewd observer who has been active in British politics, on a visit to this country a few years ago, expressed mystification over the way in which political policies are made among us. In England, he said, people look to Parliament to initiate policy, but in America every senator and congressman seems to have his ear to the ground to learn what his particular constituency wants. At the present time the situation is changed, and we are following the lead of the national government much more than is our wont. But the American citizen is a restless animal when under restraint. The great issue now seems to be whether a coöperative attitude on his part will be maintained long enough to demonstrate anything. Certain goals are clearly set forth at Washington: a larger share of the national income to the average citizen; the safeguarding of his bank account; a more favorable status for the farmer in com-

parison with his urban brother; increased freedom of action for labor; and the removal to an appreciable degree of the physical hazards of life by means of social insurance. Other gains are hoped for as by-products of recovery expenditures, particularly in the all-important matter of housing. What is needed is active co-operation with such government-initiated efforts as claim the support of intelligence and conscience in spite of all the inconvenience and sacrifice that they entail. Many people have been unfairly penalized by the operation of codes; some have been given unfair advantages and have exploited them. But when all the complaints are checked up, it seems pretty clear that the bulk of them come from people who are concerned to get their old *laissez-faire* privileges back and to lower their taxes, and from other people who want the Kingdom of Heaven to come during this Administration. The real test after all is a test of the individual citizen—of his social will and his personal discipline. No one can predict the outcome of such economic experimentation as we are now in the midst of, but one thing is certain: nothing good can come of it unless a mood of coöperation on the part of the people is maintained long enough to test the program and sift the wheat from the chaff.

ATTITUDE TOWARD CONFLICT

What might be called the “acid test” for the citizen is his attitude toward conflict precipitated by economic groups to which he does not belong and whose immediate interests seem to run counter to his own. The most common illustration is the labor strike. We have

noted that in order to play its new rôle under the law labor is compelled to increase its strength. It cannot function under codes or in any other effective way unless it represents a working majority in any given group of employes. But this means that either the employers must themselves obey the law and give their employes unrestricted right to organize or the unions must use aggressive tactics in order to win that right. A strike is an ugly thing, but not as ugly as the practices against which it is commonly invoked. And when we see the sandwich-men walking up and down in front of a "struck" establishment there is a lot that we don't see. Almost instinctively we resent the interference. "I've a notion to go in this place," said a minister on such an occasion, "just because these fellows are interfering with its business." It did not occur to him to ask what it was about. Conflict is unpleasant and very annoying when it interrupts our plans, but our attitude toward it may be one of our most important contributions to the contemporary situation.

Or, consider the conflict going on between the city-dwellers and the farmers. How do we make up our individual minds about it? It is said that the AAA program of limiting production and subsidizing the limitation is becoming very unpopular. It is certainly not a one-sided issue. Probably nobody who shares responsibility for the program is happy over it. Any one can see that destroying goods when people need them means that something is wrong. And if there is no immediate alternative, then all the more certainly something is wrong. Nevertheless, as a practical matter, such a policy must be judged with reference to any

possible alternatives. If it is so judged, well and good. But the question insistently arises, Has it been so appraised or does condemnation of it come mainly from groups which are unwilling to see another group advantaged even to offset unfair treatment in the past? We don't want to pay more for bread unless we have to, but if there is some ethical reason behind the "having to" growing out of long-continued discrimination against the food growers of the nation, then the whole matter takes on a different color. What we are concerned with here is the quality of our own attitudes and the basis of our judgments.

HOSPITALITY TO RADICAL IDEAS

Whatever the merits of any of the radical proposals considered in Chapter VIII, or any that may be thought to be inherent in national legislation, one thing is certain: in a rapidly changing economic situation a closed mind toward all innovators is a serious menace to society. Every change in policy that has caused losses to privileged groups in the past, even though now accepted without argument, was bitterly opposed by those who stood to lose by it and by a large group of conservative people who always side with privilege. It is reasonable to suppose that the future will be like the past in this respect. To brand any proposal that seems to be upsetting to comfortable arrangements as "radical" and therefore dangerous is to yield to one of the meanest of human weaknesses. There is no merit, to be sure, in being constitutionally against things as they are, and temperamental radicalism may be more individualistic than social. Indeed, it may be a form

of cowardice. But in a society so heavily freighted with discrimination and inequity as ours the person who calls for radical change is very likely to be ultimately on the side of justice. At any rate, an adverse judgment upon him should await a fair hearing and a full understanding. As members of the Christian community we are likely to be over-conservative; it is part of our social inheritance. To be constantly on guard against this tendency is a part of one's duty as a citizen.

THE CITIZEN AS CONSUMER

We made much in Chapter VII of the new emphasis on consumer function. The rôle of consumer is an increasingly difficult one to play effectively, yet it is a most important phase of economic life. And nothing illustrates better the interplay of individual and social forces. Consumer power, in a surplus economy, is a determining factor in economic policy, yet it is the hardest to organize. This is partly because it involves so much individual discipline. Consumers function separately outside any immediate constraint, and it requires much effort and often a considerable sacrifice of immediate advantage to behave socially as a buyer of goods. To buy a low-priced article at the expense of the worker who made it, to encourage a wasteful distribution system just because it is convenient, to complain about short business hours for retail stores because we may want something after closing time—these and many other unsocial practices are well-known consumer habits. “What kind of a consumer are you?” might well be regarded as a searching moral inquiry.

Another cause of difficulty in organizing consumer

power is that so many interests conflict. Consumers are members of many groups, some of which stand to gain by economic policies and procedures which penalize others—as when the employes and the investors in the shoe industry profit by a high price for shoes which inflicts hardship on the rest of the community. Obviously, the consumers of shoes cannot organize by themselves, the consumers of bread by themselves, and so on, in any effective way. What is needed is a study by all of us of our consumer function and of the facts concerning commodities on the market which such an organization as Consumers' Research, Inc., is equipped to give, supplemented by group action where the interests of large groups of consumers are involved. Consumers' coöperatives furnish a distinct advantage to the buyer by making possible the purchase of certain varieties of goods without contributing to anybody's private profit. This is a way of cutting in on the profit system.

It should be remembered that the patronage of entertainment and of any kind of personal service is consumption in the economic sense. The recent attempt to develop standards on the part of movie goers is a form of consumer action with a minimum of organization. It is highly important that as the consumption of "cultural goods" increases the controlling principle in supplying the market should be the considered judgment by consumers of what they want rather than the ability of clever designers and advertisers to determine what people are to buy. To this end, membership in a consumer group for both study and action might be of great value to an individual citizen.

PARTICIPATION IN POLITICAL ACTION

More and more the economic situation becomes political, and it becomes more difficult all the time for the citizen-voter to find effective ways of exercising the franchise. Many Christians of radical convictions are identifying themselves with the Socialist Party. Many more feel that the support of the New Deal furnishes ethical expression. The more definitely left-wing movements as yet claim very few adherents who call themselves Christians. Such a time as we are now in gives rise to a variety of movements that are both political and ethical and the range of choice in affiliation is fairly wide. But the mere matter of voting is a small part of the political function. The Christian conscience that is convinced of the necessity for fundamental social changes needs fellowship with kindred minds in which a plan of action can be worked out that is consistent with some shared ideal. Loyalty to a group in thought and action is one of the strongest moral forces in life. The individual cannot safely stand alone. It is not unfair to say that the older political parties, no matter what may be said of their particular platforms, are not *parties* in any proper sense; they are not leagues, offensive and defensive, based on a well-grounded social philosophy. Mostly, they are opportunistic organizations having no consistent principles, but varying their programs from year to year as expediency dictates.

The person who lives in a small community may find much difficulty in making any affiliation that is intellectually and spiritually congenial. But the

abundance of pamphlet literature and of periodicals that are organs of group opinion makes it possible to keep in actual contact with action groups. Any individual who wants information or guidance in this matter can secure it, if not from his denominational headquarters, from the Federal Council of Churches or the national offices of the Young Men's and Young Women's Christian Associations. There is no virtue in being a "joiner" but vital contact with groups that are looking and working for political ways of implementing their ideals is of utmost importance.

VOLUNTEER LEADERSHIP

On every hand we hear of the coming leisure and how it is to be employed. Surely no better way to use it could be found than in volunteer activities aimed at improving the economic order in which we live. This is a spiritual task, for the good life rests on material foundations. There is work to be done in adult education, in political organization, in developing the programs of our churches, Christian associations, and a great variety of agencies in this neglected field. It is quite possible that the answer to the question, "What do you do?" may in future be given as often in terms of avocation as in terms of vocation. The Christian citizen, given a bit of imagination, a conscience, and a fund of energy, may find opportunity to invest all his resources in the effort to make the economic order serve the good life.

DISCUSSION SYLLABUS

THIS book is designed both for individual reading and for use in group discussion. The value in such discussion is that on the basis of the material presented and the analysis offered members of the group are able by free interchange of opinions, experiences, and convictions to come to conclusions of their own and to decide on appropriate action both as individuals and, as occasion offers, collectively. This process requires leadership, but one does not have to be an expert to lead discussion profitably. The leader should be as well informed as his opportunities permit, and should supplement his general knowledge by free use of the books listed for reference or equivalent literature.

It is a mistake to suppose that the leader must not make his own opinions known, but this should be done by him as one of the group at a time when opinions are being freely exchanged. He needs to avoid "setting" the discussion and prejudicing conclusions. He should try to keep the discussion on the point, to clear up confusion when it becomes apparent, and to summarize fairly any conclusions reached or any divergent positions into which the thinking of the group may divide.

The questions in this syllabus have purposely been phrased in terms of principles rather than of current issues. The intention is to help groups keep to the essentials of a problem the ramifications of which can easily become highly confusing. The leader will be alert, however, to draw out from the occupational or other experience of members illustrations which will make the discussion real in terms of the local situation (and, incidentally, enable persons to participate usefully who might feel at a loss in more abstract discussion). If he feels the need of help in formulating additional questions relating current issues to the underlying principles, he is referred to the syllabus in *Must the Nation Plan?* (See Bibliography.)

An essential feature of realistic discussion (and one which usually adds greatly to the liveliness of the sessions) is the presence of at least one person representing each important interest involved. Thus, when discussion turns to the programs of radical parties, the group which does not include in its membership any representatives of these parties will do well to invite a spokesman for each of them in turn, taking care of course to secure competent persons. If this procedure is impossible, interviews with such spokesmen in advance of the sessions will be helpful. If even this cannot be done, a subcommittee or even a single member can undertake to present the position of the absent interest after careful study of literature which is easily secured through the headquarters of the organizations concerned.

No effort need be made to discuss all the questions raised. They are intended to be stimulative. A real discussion about issues that matter should be allowed to work itself out. Thorough consideration of two or three questions is better than cursory discussion of many. But every member should have read in advance the chapter to be discussed.

Leaders who feel the need for special aid in managing a discussion of this kind will find available help in *Creative Discussion* (3rd ed.), by Professor A. D. Sheffield, Association Press, 50 cents. Prof. Le Roy C. Bowman's *How to Lead Discussion* (New York, Woman's Press, 35 cents) is also excellent, especially if supplemented by Prof. Sheffield's more detailed analysis and suggestions for dealing with specific difficulties.

CHAPTER I: THE GOOD LIFE

1. Is it correct to say "*the* good life" or should we say "*a* good life"?
2. If security is so important, how shall we account for the fact that great contributions have been made to the world by people who lacked it?
3. How much truth is there in the proposition that all men

are created equal? Is equality of opportunity a valid idea? Is it practicable?

4. Is leisure time usually an asset or a liability? How can one judge?
5. Why is liberty regarded as of great value? Do we today need more or less individual freedom?
6. What values are we getting out of group life? What are the most helpful groups to which we belong and why do we belong to them?
7. What ideals of "good" living are peculiar to Christianity? Are they being realized in our own relationships?
8. Why a book on "Economics and the Good Life"? How important for "the good life" is the economic factor?

CHAPTER II: A LOOK AT THE ECONOMIC SYSTEM

1. Are there any important differences between the recent depression and those that preceded it? If so, what?
2. Is it true that we are entering upon an economy of abundance? Just how does this fact emerge?
3. What do we mean by "capitalism"? What are its merits? What does Christianity teach about ownership?
4. Has the *laissez-faire* idea real value? If so, what? Is it really passing? Why?
5. Can profit, as defined in this chapter, be justified? Would industry get on without it?
6. Is it true that corporations make ethical practices more difficult? What illustrations can be drawn from the experience of members of the group?
7. Should any change be made in the distribution of wealth and income? What would be a desirable distribution?
8. To what extent is wealth socially produced? To what extent is it a product of individual effort?

CHAPTER III: THE EFFORT TOWARD NATIONAL RECOVERY

1. What is the difference between "recovery" and "re-

- form"? Are they inconsistent? Would it be better to try for recovery first and reform afterward?
2. Let the group formulate the best defense possible of the national recovery program and the most challenging criticism of it.
 3. Do the merits outweigh the demerits or vice versa? Does the answer depend on the point of view? Explain.
 4. Does Christianity set any goals in economic life that are not recognized in the New Deal? If so, what are they?
 5. What are the net results of the New Deal as observed by members of the group?
 6. How can we do justice in economic planning both to Christian ideals and to the immediate practical requirements of a situation?
 7. What personal responsibilities, if any, does the national recovery program lay upon us?
 8. When all is said and done, is the national planning idea in line with human needs? Why?

CHAPTER IV: THE CRISIS OF DEMOCRACY

1. Are there any "natural rights of man"? If so, whence are they derived?
2. Can liberty for the individual be defended on the ground of social well-being? How?
3. Are we being deprived of our liberties in a serious way, as Mr. Hoover thinks?
4. How can we have the benefits of collective planning and social control and still keep the essence of democracy? Or is it impossible? Explain.
5. What do we mean by "fascism"? Has it any merits? What are its dangers?
6. Is there a fascist peril in America? If so, what are the signs of it?
7. How much power should the state have over a nation's life?
8. What ethical values (and dangers) are there in the code plan of "self-government"?

9. How much can the average citizen be expected to know about so complicated a thing as the national government has become since March, 1933?

CHAPTER V: THE NEW RÔLE OF LABOR

1. Just how much in the way of "rights" does NIRA give to labor?
2. How can the improved status of labor on the statute books be reconciled with the increase in strikes?
3. Are labor unions a beneficent influence or a hindrance to prosperity? Why, in either case?
4. What can be said for and against the company union?
5. Has a worker any obligation to join a labor union? Why?
6. In an establishment where a labor union has only part of the workers organized should the "majority rule" apply?
7. How shall we judge whether a strike is justified or not?
8. Have Christians any responsibility to support the labor movement? If so, in what respect?

CHAPTER VI: THE FARMER AND THE NATION

1. On the whole, can it be said that the farmer has not had a fair deal as compared with the rest of the population? Why?
2. What is the reason for the so-called rural-urban conflict?
3. What justification was there for the AAA "plowing under" program? What lesson can be drawn from it?
4. What responsibility has the city for the surrounding rural area?
5. Is it desirable to keep small farmers on the land or is large-scale, industrialized farming better? What social and moral values are at stake?
6. What should be done for a debtor class when the money borrowed is worth very much less than that with which repayment has to be made?

7. Can the conflicting interests of farmers and city-dwellers be harmonized? If so, how? If not, what is to be done?

CHAPTER VII: THE CONSUMER AND HIS RESOURCES

1. Why is the consumer playing a new rôle today? What does it mean for him when the nation develops an economy of abundance?
2. What are the principal problems of the members of this group, as consumers?
3. Is there any wholesome way in which consumer interest can make itself effective in a local community? How?
4. Let this group try to draw up an ethical code for consumers. Do the members wish to practice it?
5. What are the legitimate uses of advertising?
6. Has instalment selling any ethical significance? If so, what?
7. To what extent does the consumers' coöperative movement furnish a solution of the consumers' problems?

CHAPTER VIII: SHALL IT BE REVOLUTION?

1. What contacts have the members of the group had with radicals?
2. Is Christianity radical in its social ideals? If so, in what respect?
3. What is the significance of the new Socialist Declaration of Principles? Does it make socialism more or less acceptable from the Christian point of view?
4. What relation does communism bear to Christianity? This question may be approached by drawing up a list of particulars in which communism is like and unlike Christianity.
5. What is the reason for the great influence of communists in America, in view of their small number?
6. Is the use of violence in the cause of labor ever justified? If so, how? Where does responsibility for the frequent outbreaks of labor violence rest?

CHAPTER IX: THE PROBLEM OF HUMAN NATURE

1. What do you mean by human nature? To what extent is it fixed and to what extent modifiable?
2. Is human nature predominantly selfish? What evidence is there on which to base the answer?
3. What is the relative importance of the several motives of human behavior listed in this chapter? What others should be added?
4. In what ways do the proposals earlier considered for radical social change run counter to basic human tendencies?
5. What support do these human tendencies give to proposals for radical social reconstruction?
6. It is stated in the text that "human nature is neither good nor bad but potentially either." Is this a valid statement?

CHAPTER X: TOWARD AN ECONOMIC PLAN

1. Why is Christianity concerned with collective action? Consider the question in the light of the Christian concern for personality.
2. Is the planning problem an emergency problem or is it permanent? Why?
3. How can the average person get access to the facts upon which a judgment of national economic policies may be based?
4. What is the relation between purchasing power and the "good life"?
5. Can the nation plan effectively and yet move experimentally? Or are the radicals right in saying that only a revolutionary ideal makes real planning possible?
6. Are the several proposals for social insurance given in the text valid? What is the basis of judgment?
7. Must economic planning, to be successful, be carried out on an international scale? Or is the idea of "national self-sufficiency" a good one?

CHAPTER XI: THE CITIZEN AND THE CHANGING ORDER

This chapter was written as a summary of the moral values and requirements which have emerged in the preceding chapters, pointed up with reference to the individual. The several headings may be used as a discussion outline.

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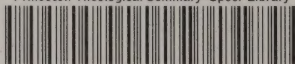
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